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ABSOLUTE MONEY—REMONETIZATION—RESUMPTION.

SPEECH

OF

HON. HENRY W. BLAIR,

OF NEW HAMPSHIRE,

IN THE

HOUSE OF REPRESENTATIVES,

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SPEECH

OF

HON. HENRY W. BLAIR.

The House being in Committee of the Whole on the state of the Union—

Mr. BLAIR said:

Mr. SPEAKER: The financial issue in this country is deeper than this discussion. It is not the question of resumption of specie payments on the 1st day of January, 1879; it is not whether silver shall be remonetized and made a measure of value worth ninety-two cents instead of a gold measure worth one hundred cents in that metal. The underlying issue is whether the precious metals shall continue to be the measure of values in the monetary system of this country, and ultimately, as they have been since the dawn of civilization, in that of the world.

The advocates of "absolute money"—that is, irredeemable money having no intrinsic or commodity value—are very numerous and powerful. It is useless to attempt to disguise the fact proclaimed in the elections and in speeches and votes in both Houses of Congress, that within the last year they have rapidly increased; that they have control of great sections of the country, if not of Congress, and are increasing more rapidly among the people now than ever before.

The silver movement—the attempt not to remonetize that metal at a value equal with gold, and then maintain just relations between these metals as the Constitution requires, but at eight cents less than the gold measure and five cents less than the value of the greenback—is one side-show on their programme. The attempt to repeal the resumption act is another. In the management of these subsidiary exhibitions they have secured the unwilling service of many upright men who do not quite see the nefarious nature of the great humbug which they accompany, and to which they lend an unfortunate degree of character and prostituted respectability. And by the term "prostituted respectability" I do not mean to imply that the mass of the advocates of absolute money are not entirely sincere. On the contrary, in their sincerity lies the chief danger to be apprehended from them. A large body of men is not apt to commit an intentional wrong, and I here and now declare that I accord to others every honest and honorable intent which I claim for myself. I do not intend to indulge in the offensive language which has not been wholly absent from this debate. I only refer to the bad and ruinous belief which they entertain, the destructive nature of which is no more obviated by their sincerity than the tortures of the martyrs were justified and relieved by the zeal of the persecutor.

Both these subordinate movements above referred to are of the same tendency, but are only, in my belief, preliminary to the great conflict which in case of their success here and now lies beyond, between irredeemable currency and coin.

Many of the leading advocates of these preliminary measures are so and declare that they are so because these are steps toward "absolute money." One of the very ablest advocates of absolute or

national money, as its friends sometimes call it, in closing its review of the recent hard-money speech of Senator KERNAN, in the other end of the Capitol, thus exclaims:

[Extract from the Irish World of December 22, 1877.]

And so let us take leave of Mr. KERNAN and his favorite crowd. And having done so, let us turn short, with a parting word to our silver champions in Congress. It is this: "Get up out of your entanglements of the relative values—the 412½ grains—the 16 to 1—the gold market and the silver market in London and Hamburg and elsewhere—the quotations of to-day, the echoes of yesterday, and the probabilities of the morrow. Come out to the high, clear, unchanging ground of the national money, with its broad, firm basis of the whole nation and all it contains." "Redeemable" do you say? Ay, everywhere—in everything—all men obliged to you for allowing them to redeem it.

Every day, gentlemen, that you spend in this "entanglement" fighting with the knaves on these side issues is a daily loss to the nation.

I only call attention to these things in passing, and by no means design to include among the advocates of a perpetually irredeemable or unpaid currency all, or nearly all, who favor the repeal of the resumption act at this time; nor of those who are desirous of substituting ninety-two cents in silver for the gold measure of values.

I mean only to say that I think the success of these measures is the partial success of the principles, or rather want of principles, upon which an irredeemable currency is based, and will go far toward producing the evils which would result from its adoption.

I believe that such a currency never will be adopted by this country, because discussion will kill it. Nothing but discussion, or the ruin resulting from experience, will destroy it.

So generally and so ably have the questions of resumption and re-monetization been discussed by others, that I shall dwell upon them but briefly and that hereafter, and shall now ask the indulgence of the House to some observations upon the main question behind the measures now pending in Congress. And first I ask indulgence to state a few common truths as to the

NATURE AND USES OF MONEY.

By far the most important use of money is as a measure of values. That which measures value must possess value, just as that which measures longitude must have length, and that which measures gravity must itself have weight. In other words, value alone can measure value, because measurement is only the ascertainment of an unknown thing by comparison with a known and definite quantity or proportion of the same substance or quality. All things and quantities of things are and can be measured only by their like. Measurement being simply comparison how can this be otherwise? How can you measure or compare color with weight, or length with density, one quality by a different quality, or with no quality? which is what is attempted by substituting for a measure having in itself intrinsic value, like gold, a measure of value which does not in itself possess that property which it undertakes to measure in other things.

Money does not measure the physical attributes of commodities, but its great office is to test and measure the degree of that all-important power or quality which they possess, called value, namely, their desirableness for the uses of man, coupled with their difficulty or cost of attainment.

A measure of commodities is a measure of their bulk, of their extension, their length, breadth, and thickness. The same commodity oftentimes will serve many of the uses or needs of mankind, and the same purposes which other articles will also subserve. Thus an ox will make food and clothing, furnish transportation, and break the soil. The sheep will furnish food and another form of clothing, and thus sustain a great specific industry. Corn, again, furnishes food both for man and beast, and thus may be said to give us both the ox and sheep as well as to answer directly the use of food to man.

Now, the basis of all kinds or qualities of value lies in the fact that

these necessities and desires of mankind exist; and whatever ministers to those necessities has value, and it has value in human affairs for no other reason whatever except as it may be adapted to those wants and desires. Degree of value depends, as before observed, upon two things: the extent of adaptation and difficulty of attainment, which is only another phrase for cost of production. There is, to be sure, a value in air and light and running water, which, except under peculiar circumstances, is never measured, because they are universally accessible. When so, there is no occasion for a measure of their value. There is no difficulty of attainment, no cost of production. But the moment the supply of any one of them is stinted and there is difficulty of attainment, they at once take their place in the list of the most valuable commodities, because the most necessary. It is then what is called exchangeable value, which is always an intrinsic value, and requires a measure in human transactions. Values or uses are different both in kind and in degree, and the varying supply and needs of men develop exchangeability and trade.

The precious metals have value. Why? Because the innate sense of beauty and desire for personal adornment and for ornamental utilities find in them that quality which, better than in any other thing, answers to these natural needs of the soul. Again, the progress of society and trade intercourse have developed a necessity which otherwise would not exist for a medium of exchange and measure of values and of liquidating balances of value in trade. The precious metals are found to answer all of these purposes better than any other objects whatever, and these two metals together meet the requirements of the whole human race as measures of value and mediums of exchange. They are natural money, the only real money of universal adoption and recognition. They are the blood of commerce.

It is a fundamental principle of finance that money, real money, must have in itself real value (of which the coinage and legal-tender quality are a part) corresponding to its nominal value; that is, in the same degree as the value or use possessed by the commodity which it measures. Thus, if twenty times one dollar is the measure of the value that is in a cow, then the twenty dollars must really possess the same power to serve mankind and be as difficult to obtain as the cow or any other commodity which in the market would be exchangeable for the cow; and all monetary systems which do not embrace this primary truth must tumble to the ground, carrying with them the business which has been based upon them.

I do not mean to say that an article or commodity which in the material of which it is made possesses this equivalent value, or anything like relative worth, must be used in effecting the manual delivery of commodities in every instance. The real exchange is ordinarily the transfer of the right or title to them; but there must be a fixed value personified in some tangible thing to which if they choose to actually resort they can do so, and by reference to which the values in the respective commodities are measured and agreed upon between the parties. The manual delivery is often of a bulky commodity on one side and of a mere credit or promise to pay or real money on the other, or it may be of a value made up of two or all of these.

When a transaction is complete and no credit is given, if there is no cheating or mistake and the contract is fully executed on both sides, no subsequent question arises as to the use of money; but if a credit is given, a new necessity arises. There must be some article agreed upon or understood between the parties which shall measure the credit and its liquidation. Credit is a value thus measured and defined at its creation, the actual payment or delivery of property for which is deferred; but it must be measured just like the other value or the commodity which is transferred at the time of the original transaction.

The value of the given quantity of the commodity, or of the article for which credit is given, is liable to change before the termination of the credit. It may increase or diminish, it may fluctuate. Some articles vary greatly, like corn; others, like gold, very little from year to year.

Now, unless the creditor can be assured of payment in some thing having as nearly as possible a steady value, he will give no credit, but retain his commodity or seek some other market.

Again, experience teaches men that they cannot trust each other always; misunderstandings and disputes arise; hence the necessity of legal tribunals to enforce the obligation of contracts.

But of what avail is the judgment of a court without there is some common measure of its value into which, or according to which, the officer of the law can convert any property of the debtor to the use of the creditor, and pay the debt?

And since the law to enforce contracts must exist, and honest mistakes, and disputes, either honest or dishonest, may arise between the parties as to the obligation of their contract, and as the creditor may seek to prosecute an action improperly and oppressively, it is obvious that society, which substitutes the peaceful remedies of the law for nature's resort to force, must provide for the protection of the debtor and defendant as well as for the creditor a certain form of property or legal-tender money, which being offered in payment of the credit or in bar of the legal remedy extinguishes the first and protects against the wrongful prosecution of the other.

The legal-tender quality of money grows chiefly out of the existence of credits, or what is the same thing executory contracts. In the largest sense any executory contract is a credit; it is a trust, a mutual promise which may be enforced by the courts. Sometimes the credit is measured by the terms of the contract in the established legal-tender, and sometimes the contract is silent, in which case the law and common measure of value enters by mutual understanding into the transaction, and in case of disagreement the value of the credit is fixed by the judgment of the law in the established legal standard.

Commercial or trade transactions are anterior in their nature to civil government. Government is itself, of course, a source of value to all commodities, for without it the use and enjoyment of commodities would be greatly impeded and the chief value of most of them, except absolute necessities, would disappear because the opportunities for their use and the power to produce them would disappear with the destruction of order and civilization. But the impulse to possess property and make exchanges is the first step in society. Laws follow; they do not precede this impulse. The confidence of man in the honor of his fellow or in his power to protect his own is the basis of all exchange. No possessor of property would expose it even for a barter exchange but for his confidence that he would not be robbed nor cheated in the transaction. Thus, before the existence of any such thing as courts of law, two men might meet and exchange a skin for a cow—articles of prime necessity but differing largely in value. There being no government, there is no way by law to enforce payment for the credit given for the difference. Here trust in the honor of man is seen to be the first ingredient in credits, for credits do exist, although to a very slight extent, among the most barbarous tribes.

To illustrate: suppose that anterior to the institution of formal governments and before the creation of any means to compel men to perform their promises, and before the possible institution of the legal-tender quality in any form, two men meet, each with a piece of property which he desires to part with and which the other wants, and that one is of precisely the same value as the other. Here are the conditions of trade in its earliest, simplest form. What will fol-

low before the transaction can be consummated? First there must be produced a certain mental state in each party, a belief that the possession of the desired article can be obtained; second, that it is intrinsically what it purports or is represented to be—a cow, a horse, an ax of stone, or bows and arrows—of the real quality of which they seem or are said to be, and these conditions existing, the contract or agreement of minds follows and the exchange is at once perfected. These conditions not existing, the agreement is impossible because of the nature of the human mind. This is commerce, which is emphatically the art of agreement and implies peace. The slightest element of force introduced, and true commerce dies.

The form of trade above given is barter. Proceed, now, one step further. Suppose one of the men has an article which he desires to part with and which the other desires to possess, but that the latter has nothing wanted by the former for use. What must follow? One of three things: either there will be no mutual agreement, and hence no mercantile transaction at all; or the owner of the article parts with it on trust on the promise of the other to deliver an equal value of some kind at another time, which is giving credit; or there must be given in exchange to the owner something with which the owner can procure that which his necessities require. It is not sufficient that the thing offered by the buyer will purchase what the seller desires, but that thing must be such as will command the belief of the seller that it will buy him the value in what he does need of the article with which he parts; and if only he so believes, the trade will be consummated, even though his confidence is misplaced. But this is the very question at the bottom of the discussion. Must that thing so received by the seller possess intrinsic or real value equal to that of the article parted with in order to command confidence universally and come to be accepted for the same use by all mankind? Remember that permanent deception of communities is impossible, and that the seller must so believe in every instance or there can be no contract, no exchange. There is no government to coin or stamp this article. There is no legal-tender quality possible, for there is no government to make the law. Force is out of the question. The owner must be tempted or induced willingly to part with his property, no matter how great the necessity of the buyer. The right of property, and to retain it if the owner please, is one of the absolute rights of man.

It is a case which must arise daily in the life of every savage, and that it does so, and always has so arisen, is proved by the fact that every tribe on earth has and has had its money. The question is, what qualities are necessary in order to confer that power to purchase upon the thing adopted as money prior to the institution of laws and courts.

It is, I think, apparent that in the early stages of society at least money must be some article which is adopted for that use because of its natural fitness for it. There are no positive laws. Customary use presupposes that very fitness. There is no organized force which can at that period confer purchasing power upon money. The use of money antedates customs and governments and laws. It must then find its purchasing power in the facts that man, even in his wild state, and as a condition-precedent to his advancing from that state at all, must have a medium of effecting exchanges, and that the thing adopted is the best which is known to those who use it. Now, in order that it be at all adapted to that use, is it not apparent that it must itself be as hard to get as the thing it purchases? Who would part with a costly thing for that which, however useful, he could obtain anywhere with ease? This is human nature. You cannot change or evade this law.

Money may be gold or silver, or shells or iron, or pebbles or any article whatever adapted to use, and the getting of which is suffi-

ciently difficult to give it value. Grains of sand might be as valuable as gold if they were no more common and had as many uses as gold. If an article could be discovered possessing far greater adaptation to the peculiar uses of money than gold, it would be more valuable than gold; it would have more purchasing power. But we have just seen that the possession of purchasing power depends upon difficulty of procurement, or, in other words, cost of production.

Suppose again that a barbarous people has become accustomed to the use of a certain thing as their money. Suppose further that they increase in numbers and spread over adjacent territories, and, once in contact with surrounding tribes, intercommunication teaches them all that each tribe has commodities desirable for the other, and that they have no common medium of exchange. What must follow? Precisely the same mental process must take place between these tribes which we examined in the case of the two individuals of the same tribe. They may learn to believe in and use the currency of each tribe for a time, but ultimately that which is the best for use will supplant all others, just as an improvement always drives out the thing which precedes it. And in this way it has come to pass that gold and silver are the money of mankind, having by their superior adaptation to the purpose, their high cost, and many uses besides that of currency, and their stability, expelled all other things from the choice and confidence of mankind as a basis or measure of values.

These precious metals are the money of the race, not alone because they are objects of beauty and utility. They possess these qualities and uses in addition to their use as money—capacity for use as money is itself intrinsic value—and the aggregate value of these metals is simply the aggregation of their uses. They are money independent of all laws, except the universal law of the mind which leads it to desire that which will purchase the supply of its possessor's wants.

Nothing else has ever become of universal use as money among men. Human search and ingenuity have been tested to their utmost, but they have failed to bring to light anything but the precious metals which commands the confidence of the race as a measure of values, irrespective of the laws and governments instituted among men.

It is important to preserve clearly in the mind the fact that the money power is a quality or function distinct from any other; but it so is, that the only things known which are universal money possess other uses than their purchasing power, and this fact making them more scarce and difficult to obtain increases their value as commodities.

Here, then, lies the whole value of money as such: in its convenience to serve as a medium of exchange; second, in its cost of production; and third, in its convertibility to other uses when that of money is less urgent. Gold and silver possess these qualities more largely than anything else, and hence are the forms of property or of value personified which have become money just as wheat has become universal food; and money is as necessary as food to the civilized man. It is an all-important factor in the process of civilization. The savage can live on roots and reptiles without money, but the slightest progress implies trade and exchange; they cannot develop without money. Governments instituted among men have a certain degree of power to control, at least for a time, the money used within their jurisdiction. They cannot do so permanently, for the natural laws of money will have their way ultimately, and overthrow any government which continues to violate them. But governments can by positive laws select an article in itself convenient for handling as a medium of exchange, and by prohibiting, demonetizing, or endeavoring to, the use of gold and silver, by making their substitute hard to obtain and difficult to counterfeit, and the only available means

of exchange, and by conferring the legal-tender quality, they can give to that article a temporary money value, corresponding to the extent to which they succeed in making it necessary to their people.

Hence it is that paper or any mere token can be made, while natural money is partially or wholly displaced, to possess some degree of purchasing power. It may be that all the governments of the world could combine and could agree that paper, having suitable form and devices, whose texture should be an eternal secret, should become the only money of the race, and if they should make it impossible to get more of the paper than enough for actual use, and could vary its quantity according to the varying wants of the trade, and if they could maintain this state of things forever, and if they could persuade mankind to believe that all these things were and always would continue to be, possibly such money, made of a cheap material, might be as good as metallic money. But the insuperable obstacle is that this state of things cannot be, men cannot believe in it, because it is contrary alike to experience and reason. The mental nature of man makes it impossible. We know better. All nations cannot now, and they never will sooner than the millennium, agree upon a substitute for both gold and silver, nor in the permanent use of a thing as money which is not convertible into one or the other of the precious metals at the will of the holder. Commercially there is but one nation on earth, and it must have its universal money, not necessarily coined or stamped, but a commodity which is a measure of values and which independent of political powers answers the world's necessities for exchanges. Governments will crumble and fall. Whenever they do the efficacy which in their power they gave to a token currency will disappear and the token will fail most just when its creator is most in want of its aid.

I think a proper discussion of the subject would develop the following qualities as existing in the real money of civilized nations:

First. Adaptation to that purpose, by which I mean convenience in handling, durability, difficulty of imitation, and the like.

Second. Costliness of production. That which costs nothing is worth nothing as a purchasing power.

Third. The sanction or recognition of the governments within whose jurisdiction it is used. By this I do not mean the act of all the governments of the world in recognizing gold and silver, which are money by virtue of custom based upon the use and confidence of men everywhere, but rather the sanction of each government within its own jurisdiction, exerted in coinage, fixing the relative value of specific quantities of the precious metals, and conferring the legal-tender quality upon them; that is, the power to extinguish the right of action in the courts.

These qualities are found in the money of civilization. Gold and silver alone possess them. They have themselves thus acquired qualities which did not belong to them while they were the money of barbarians only. These qualities improve their purchasing powers. They have, so to speak, been civilized and improved with the race.

It should be borne in mind that money, as such, supplies no direct want of man. That is, it cannot be eaten, it is no protection against the elements. It ministers directly to no mental, physical, or spiritual want of men. It is merely a tool or instrument by means of which the procurement of desirable things is made possible and easy. Articles used as money may supply human wants, but in that sense they are not money; and the continued use of anything as money in effecting exchanges depends wholly upon the belief that its use for that purpose will continue unimpaired.

Now, we have seen that it is a fundamental truth that mankind will not believe in the continuance of that power unimpaired in anything which is not itself a commodity of great intrinsic value. There

are many causes, gathered from reason and experience, which have created this mental state, and this belief is as much a part of the human mind as the love of liberty or the belief in a supreme Power. And the great fact that men do so believe and that you cannot make them believe otherwise is the vital fact in the whole philosophy of money; and for this reason, which will hold good until the nature of the human soul and its beliefs, inherited and inflexibly fixed upon this subject, are utterly subverted, it will be impossible to create faith in the use of that as money which is not of great value irrespective of its use as such.

One very strong reason why money must be a commodity valuable for other uses than those of exchange is this: the requirements of a people for money in exchange vary greatly from time to time, and the same is true of its want by the race as a whole. Money idle is property wasting away. Hence when it is idle and likely to remain so it is extremely desirable that money should be of a nature that it may be applied to other purposes essential to man. Gold and silver coin and bullion in such case seek the melting-pot and are reproduced in a thousand forms of beauty and utility until in the returning demand for their use in the advancing currents of trade they again seek the crucible and resume the forms which commercial convenience requires. Experience is the great teacher, and it has taught this great lesson from the ages of a dim past, uniformly until to-day, that no fluctuation of success or of disaster in the affairs of nations or of individual men or in the current supply of the precious metals can ever deprive them of their almost unvarying purchasing power; and that this uniformity of value largely results from their convertibility to other purposes as well as to that of exchange. And experience has equally demonstrated to us, by the record of the greatest financial disasters of history, that no article which does not possess this power of convertibility to other uses, at substantially the same price as it is worth in the form of money, can have permanent value as an instrument of trade. This great fact it is which gives to the precious metals a very large proportion of their intrinsic value. Whoever will introduce a paper or token currency, not convertible into coin, and secure its adoption by any nation, must first accomplish a reconstruction of the human mind and overthrow by new demonstrations all the existing grounds of human confidence.

Even if the theory of absolute money were true, how many generations would there be, through how many cycles of ruinous experiment and disastrous demonstration must all nations pass before the existing convictions and grounds of confidence in real money can be swept away and the use of absolute money can be substituted; and even if, after centuries of destruction, the change could be effected, of what great good would it be to the race, since in order to be worth as much it must cost the holder as much as gold?

Would token or absolute money cure the evils of speculation and inflation and depreciation, the destruction of its own purchasing power, the very evils which all experience shows to be the direct and inevitable consequence of its introduction in any nation? The uniform depreciation of every form of money not convertible at the will of the holder into real money or property of equivalent value demonstrates that there would be no stopping place and no reappearance of purchasing power until its quantity or bulk had so increased that its commodity value should assert itself, so that ultimately a ton of paper bills or tokens of absolute money, which might have a face value of many millions, wrenched by its original issue from ruined holders, would be worth just one ton of waste-paper material, and no more. Of course, long before this point would be reached in practice these tokens would be worthless, and society, broken by the fury of financial storms, would be groping among its own ruins for the golden architect who alone can rebuild the edifice upon firm founda-

tions with its beautiful and majestic proportions restored and enlarged.

It is replied to this argument that paper, shells, skins, and other objects of little value have been used as money. But as it has been already said no article was ever safely or permanently used as money, either in the savage or in the civilized state, which did not answer some other use of man than that of a medium of exchange, to which use, whether of personal adornment or as an object of admiration, or of the gratification of a mental or physical necessity, it could be converted when not demanded as a medium of exchange. And if there were such an article, its purchasing use, being its only use, would be governed by, and would fluctuate in accordance with, the variations of that demand alone, and therefore much more largely than if it possessed additional attributes; hence it would be far less fitted for the purposes of exchange. Why, then, it is asked, did the greenback float and flourish when forced upon the American people? Why will the paper bill of the banks command anything within the purchasing power of gold? Simply and only because of the promise to pay on their face and the faith reposed in it, which makes them convertible into coin or property by the measure of coin. Without this promise and this faith the greenback never would have possessed the function of money, nor would any bank-bill float to-day.

PROMISSORY MONEY.

Promissory money or representative money is material which has little or no value as such, but which, by reason of the promise on its face to pay a commodity or real money, has the power of obtaining or performing for its possessor all that lies in the power of gold or silver.

Paper is the article usually employed, when its promise is believed, instead of a coin measure, the value of a certain definite quantity and quality of which that promise represents. That is, we walk by faith, and not by sight. The sign is identified with the thing signified and may even be preferred to it by reason of its greater convenience and safety in the using.

The promise of the bank to pay in money is enforced by the laws of the land, which convert, if necessary, all the property of the bank into legal tender to discharge the obligation. It is true that the promise may not always be directly convertible into coin. There may be temporary suspensions of specie payment, during which a less valuable legal tender may be sustained by the law. But this right is only that of society to confiscate the property, just as it may impress the lives of individuals, for self-preservation. When the absolute necessity ceases the right ceases, and all money promises are then convertible into coin.

No advocate of absolute or token money pretends to doubt that this promise of the bank and faith in its performance, either voluntarily or through the aid of the courts—that is, the convertibility of the promise into an equivalent value measured in coin or the legal-tender Government promises, temporarily used as tender and itself soon to be convertible into coin—is all which gives the bank-note any exchangeable value whatever. Its purchasing power disappears just as fast as confidence in its convertibility from a promise into property by the coin measure is destroyed.

THE NATIONAL-BANK NOTE.

The common national-bank note has a still further quality. It is the promise of the bank secured by the collateral promise or bond of the Government, so that its convertibility into coin or legal-tender money is absolutely sure. The security for this is the promise of the Government—that is, of the whole people—which can be enforced by the full power of taxation; a power which can seize all property whatever for the fulfillment of the pledge, unless the nation repudiates.

THE GREENBACK.

The greenback, the other form of paper money with which we are familiar, is the promise of the nation to pay in coin secured by all the property of the people, which may be appropriated if necessary under the taxing powers of the Government.

I say that the greenback is a promise to pay coin. It was so at its inception. It is in form a promise to pay dollars. Now, dollars are things; they are not promises. Giving a new promise to pay dollars is not paying dollars; it is giving a new note for an old one. If it becomes known or suspected that the promise is not to be kept, but only to be as "forever spent, renewed forever," its purchasing power is destroyed and the promise of a nation depreciates as rapidly as that of a bankrupt on 'change; indeed, the promise of the bank is then better than the greenback, for the laws will apply through the courts all the property of the bank to its debts, while the pledge of the Government is absolutely worthless whenever it refuses to tax and pay.

A dollar is a definite abstract value, which is represented in concrete, tangible form by a certain specified quantity of a precious metal of prescribed purity. A greenback is a promise to pay just that sort of a dollar, for there is no other dollar, and the act of 1869, pledging payment of the public debt in coin, simply recognized an existing obligation; it did not create a new or an additional one.

To show this with absolute certainty, it is only necessary to remember that in 1862 at its inception the interest on the public debt was expressly made payable in coin at all times, even during suspension of specie payments generally; and provision was made for the collection of the customs in gold to insure a fund for that purpose, and also to provide a sinking fund for payment of the principal. It would be extremely singular if the interest, a mere incident, were made payable in gold when the principal was to be paid in promises, made only to be broken. While the payment of coin is suspended by force of law the greenback is not paid in coin simply because it is not paid at all. The nation defers performance of its promise. It may defer performance forever. Then it repudiates, and the promise becomes worthless. The greenback is dead. But if it is still legal tender it may be used to extinguish or confiscate debts. That power may give it value until existing debts are wiped out "as with a sponge" in the worthless promises of a repudiating nation, but you can never again persuade one man to trust another until coin money is restored. Credit is gone. You have abolished all trade, and reduced society to barbarism until a new and sound coin measure of values replaces the old.

So true it is that commerce is the concrete of which confidence is the abstract. Business is absolutely dependent upon a state of mind.

EXAMINATION OF THE PROPOSED IRREDEEMABLE CURRENCY.

Now, at this point the believers in absolute money come in and propose to abolish promises as an element in paper money. They also propose to abolish the use of all intrinsic values from money. They abolish the use of everything as money which is money independent of the action of Government. They have no use for the precious metals except as objects of merchandise. They ignore as absolute money everything but a cheap material and the Government stamp declaring—

This piece of paper, this bit of tin, this chip, is a dollar. It is a legal tender for all debts and dues, public and private, for the value of one dollar in gold, (or one million, as the case may be,) but this is not a promise. There is nothing to perform.

That I may be sure to properly state what absolute money is claimed to be, I quote a vigorous and condensed statement of its supposed nature and qualities from one of the ablest, most honest, and therefore being radically wrong on this vital subject, most dangerous

journals in this country. The Irish World in its issue of December 1 thus declares and defends its faith:

Now we come to paper money: what we want in that way is absolute money. The greenback is not such. The greenback has done great and immortal service for this country. When gold failed in the hour of peril it made its appearance in the field and brought the nation triumphantly through a four years' ensanguined struggle. It visited every manufacturing town and village and started the forces of industry in motion. And now, every year, it saves to the people twenty millions of dollars—which twenty millions a year the industry of the nation must saddle on top of the two thousand million national debt if Sherman and the bond lords are allowed to have their way burning up the greenback and substituting interest-bearing bonds in their place. This is what the greenback has done. Yet, technically, it is illogical. The greenback is a legal tender for debt, and yet its face says it is but "a promise" to pay a debt! We want no "promises." The paper money the Irish World contends for should read:

"UNITED STATES TREASURY DEPARTMENT.

This is one dollar. Signed, _____, Treasurer."

The greenback is based on gold; so are the United States bonds; so were Russia's notes. If the United States, following the example of Russia in 1854, were to repudiate her debt, the holders of United States securities—the bondholders, foreign and domestic—would certainly lose everything. Very likely the greenback, too, would run down; though it is not certain it would become utterly worthless. If gold falls, down tumble your paper "promises." But the absolute money which we demand would not be dependent upon any contingency; for, representing not one commodity in the land but all the commodities—based not upon the few little handfuls of gold in the Treasury-box at Washington, but upon all the gold, and all the silver, and all the iron, and all the lead, and all the minerals, all the houses and farms, all the horses and cattle, with all the productions of town and country—founded, in a word, upon all the wealth, movable and immovable, in the entire land, and sealed with the seal of the nation's sovereignty—this absolute money could not by any possibility ever sink into discredit. Never redeemable, yet redeemed every day—redeemed in every transaction of trade—this absolute national money would circulate through the industrial body as the blood circulates through the animal body, enabling the several organs to perform their respective functions, and giving health and strength by its circulation to the entire system.

Here is to be sure a rhetorical flourish about a currency based upon all the property in the land; but it is a mere flourish with no means provided by which redemption could possibly be effected; and, besides, redemption or payment is the very objection to a coin basis which the advocates of absolute money have invented it to avoid. But more of this hereafter.

Mr. Britton A. Hill, of Saint Louis, if not the inventor, is as coherent and successful as any one who in our country has advocated the substitution of absolute money—money without intrinsic value or any promise to pay it. He says on page 14 of his pamphlet circulated through the House this session:

My system of absolute money provides, therefore, that after its adoption gold and silver shall no longer be a legal tender, and that the money to be issued by the Federal Government alone shall be clothed with that sovereign prerogative.

Under its operation there will consequently be only one kind of money in general circulation, and a conflict between it and metal coins will be impossible. Nor will there be any other kind of bank currency which could interfere with its systematic operation. The whole national-bank system will be abolished; the notes of those banks will be withdrawn from circulation and substituted by the absolute national money, which will be issued in place of the bonds held by those banks, and save to the people the interest on those bonds.

On pages 26 and 27 he explains fully, thus, his "X, Y, and Z of finance:—"

Neither a gold dollar nor a silver dollar has any fixed value representing its power to purchase any article.

If one has ever so many gold and silver dollars he cannot compel a herdman to accept \$100 in gold coins or paper dollars for an ox, or \$10 in the same money for a sheep. While gold and silver coins were invented to represent herds, flocks, grain, and merchandise, they were never substitutes for those things, nor could any possessor of coins in ancient or modern times compel the owners of flocks, herds, or other commodities to exchange them for shekels, ducats, marks, doubloons, guineas, or eagles.

Flocks, herds, and grain have absolute intrinsic value; money has only a representative value, whether it is made of metal, leather, cotton strips, or paper. IF GOLD OR LEATHER CAN REPRESENT AN OX, PAPER CAN DO THE SAME.

The money of a nation, so that it will legally represent any commodity to be sold for

a price to be agreed upon in that money, must bear the stamp of representative money value, affixed by the Government, on coins, leather, cotton strips or treasury notes. The *intrinsic* value is absolutely contained in flocks, herds, food, clothing, and shelter needed for use by man; and the money of a nation in gold, leather, paper, &c., with the values stamped thereon by the sovereign act of the Government, creates an agreement, binding upon all the people of the nation, to accept such money, of whatever material it may be made, as an absolute representative and a measure of the respective values stamped thereon, that may be used in payment of debts, taxes, duties, salaries, wages, judgments, fines, and damages, and in the purchase of all commodities in that nation or country. The use of all other money may be lawfully excluded by the Government, and is so excluded in many foreign countries.

The sovereign power, therefore, must create all the current money to be used by the people of the nation, and such money may be made of any material whatsoever. The base for the redemption or conversion of such current money will be in the commodities of all kinds that may be purchased with it, and in the salaries, taxes, duties, wages, debts, and judgments that may be paid with it. It is folly to say that one kind of money is a scientific base for any other kind of money in the same country. It is equally absurd to say that the bonds of a nation are to be made the base of a national money convertible into such bonds. All money for circulation among the people of a nation should be based on the national sovereignty and the intrinsic value of the commodities of that nation. Without commodities, trade, commerce, or manufactures, money would be unnecessary.

If one dollar were better than another dollar in the same nation, there would be a perpetual conflict between the two kinds of dollars as representatives of values. It is therefore true that only one kind of money should exist in a state.

These passages contain the clearest and most complete statement of the nature of the absolute money theorists which I have seen. These ideas are rapidly gaining the mastery in many States. Few men but their zealous advocates realize how formidable they have already become, and it is folly to deny the alluring beauty of the charmer or to attempt or dissipate the danger by concealing our heads in the sand.

It is more to the point to ascertain the truth. The American people are anxious for the truth. If led into error they alone will suffer, while the authors and the orators will survive to reduce finance to poetry, business to fiction, and prosperity to destruction once more. Let us take these propositions, sentence by sentence, and examine them, for the whole of the inconvertible, that is, non-payable money case is here, bearing in mind that we are called upon to discard all our established theories and the practice of the world to this date, and that therefore all presumptions are to be made in favor of the precious metals, because they alone have stood the tests of experience.

FIXED VALUES IN CURRENCIES.

The first proposition is this:

Neither a gold dollar nor a paper dollar has any fixed value as representing its power to purchase any article.

Very well. Does it therefore follow that a paper dollar (a token, not a promise, remember) is any better or even as good as gold? What if the proposition were true, does any conclusion follow? But the proposition is not true in the sense implied. True it is that the value of gold fluctuates, but everything else fluctuates much more. The changes in gold value are in very slight and almost imperceptible degrees from one generation to another. There has been a regular though slight depreciation in the value of gold since 1843, yet it most nearly of anything preserves its uniformity of purchasing and value-measuring power. And it is not gradual depreciation or appreciation of the measure of value, but fluctuation, the bane of token money, which is the destruction of business, because commodities and business readily adapt themselves to slow and slight changes.

During the period of the suspension of specie payments the fluctuations have been not in the gold measure of value but in other things, in our paper promissory currency, of which there has been doubt as to the time and manner of payment created by theorists and repudiators. The corners and other villainies of the gold speculators created most of the sudden variations in what was quoted as its market price. All the while gold was nearly uniform in its real value; as

shown by the tests in London, the clearing-house of nations and real market test of all the commodities and things having value in the world. Gold not being in use here as money, and therefore but little remaining in a country which declined to retain it, and it being impossible to create the great body of the public debt at all (except the forced loan of the greenback) without pledging coin for interest and a yearly deposit to create a metallic sinking fund for payment of the principal, we were in this condition: we must have gold (it being cheaper than silver until since the demonetization of the latter in 1873, and the debtor therefore contracting and agreeing to pay by common understanding in gold) to pay the accruing interest on the public debt and for the sinking fund. When we failed to do that our faith would be broken, our credit gone. New loans could not be effected nor old ones replaced by others more advantageous, nor could the debt ever be funded in any permanent form, unless coin—gold coin having been for many years the measure of value in the country—was pledged for the ultimate payment of both principal and interest.

There being no use for gold here, because the cheaper, enforced greenback currency had driven gold to gold-paying countries, the Government had either to buy it with bonds as every payment of interest and deposit in the sinking fund became due, or to raise it by taxation. Who would buy the bonds of a government which paid interest only in new promises? Certainly no one, unless those promises were some time payable in coin.

The Government chose the most available of all methods, which was by taxing imports and collecting the duties payable by the importer in gold. The import trade being mainly confined to New York and wholly to great business centers, created a demand for gold, then practically demonetized by suspension, the same as for any other commodity; and knaves and sharpers gambled in the life-blood of trade for sixteen years and until recently, when approaching resumption, and consequent equality of the nation's promise with gold, has abolished the gold board by so nearly destroying the margin between the gold dollar and the nation's promise to pay a dollar that the grist will not defray expense of working the mills of speculation.

It should never be forgotten that the apparent fluctuations were not in the gold, but in the substitutes for it which we had adopted, and these grew out of the unavoidable variations of national credit with the vicissitudes of war, the evidences of possible bad faith on the part of the nation, and the wicked jobs and corners of speculators in gold. During all these years gold has retained its stability as the actual measure of values throughout the whole commercial world.

On the other hand we have experienced no historical test of the possible fluctuations of an irredeemable paper money—that is, a money without a promise—even in time of peace, much less in time of war; but we do know that even the legal-tender promise to pay in coin by the Government has fluctuated from thirty-five cents to ninety-seven, compared with gold. Certainly the paper is no worse because the promise of a great nation is printed on it in addition to the charming legend "This is a dollar."

The absolute money proposed is to be the legal tender of to-day—is the greenback deprived of the promise, and its acceptance made compulsory for all debts and dues public and private, leaving to the vendor of merchandise and creditors only the paper and "this is one dollar" printed upon it; and that is all it is. Any existing debtor who can get it (he must earn or pay for it, or by major vote direct the Government to print and give it to him first) can compel his creditor to accept it; but he cannot compel or induce his creditor, or any one else who has witnessed the transaction, ever to trust him again; and the debtor nation doing this would be equally without credit.

Having thus confiscated all existing debts and destroyed credit,

Government has absolutely exhausted its powers in the premises. Suppose it undertakes to compel the owner of property to sell or exchange it for this piece of paper thus spoilt by the printing on it for any but waste purposes; that man will simply emigrate, taking his family and goods with him, leaving his real property to the destruction which would come at once to that jurisdiction. Absolute money would depopulate this country within five years. Mexico would be heaven compared with the United States.

How could it be otherwise? For if the legal-tender promise to pay coin fluctuates because the time of payment is uncertain, what is a paper currency with no promise or obligation at all on it or in it good for? Such currency indeed would not fluctuate; it would see no "ups"—it would hasten steadily and rapidly to utter worthlessness. Every descent must be buoyed up by further issues, for as the measures of value are made shorter and cheaper there must be the more of them to meet the wants of trade, until finally they become so diminutive that the people cannot see them, and having none in themselves, they cannot measure value at all.

That is ruin, and trade only revives on a metallic basis. Thus, while it is true that gold may vary slightly, it is used because it varies less than any known article; while absolute money is really a contrivance never to pay a debt or to contract a new one in value at all.

So much for the first proposition.

THERE IS NO POWER TO COMPEL EXCHANGES.

Take now the next sentences, which develop but one thought, viz: that, whereas you cannot compel a man to sell his property for coin you can buy it for absolute money:

If one has ever so many gold and silver dollars he cannot compel a herdsman to accept \$100 in gold coins or paper dollars for an ox or \$10 in the same money for a sheep, &c.

What if that be so? Surely you could compel men to part with their property as easily for gold as for your paper-labeled falsity, "this is a dollar." What difference, then, can you claim in favor of absolute money in this respect? What is a sale but an agreement carried out? There must be at least two assenting minds. The rights of the owner are recognized in this world thus far to some extent at least. The buyer cannot yet take what he likes, even for absolute money, unless force intervenes and turns the sale into robbery. But the distinction is here. As society is constituted and as earthly things are now arranged, the owner of commodities desires to sell them. That is what he has them for and he is eager to part with them for gold. Therefore, the buyer, having gold or a good promise to pay it, can buy any commodity he chooses. But what man, in his senses, could be induced to part with his property for a paper slip called absolute money, which could have no worth save in its enforced power to confiscate debts already contracted, in which respect it would be just like a discharge in bankruptcy assignable to bearer?

Take the next two sentences, the latter of which is printed in small capitals, in the pamphlet referred to—

Flocks, herds, and grain have absolute intrinsic value; money has only a representative value, whether it is made of metal, leather, cotton strips, or paper. If gold or leather can represent an ox, paper can do the same thing.

The first question here is

WHAT IS INTRINSIC VALUE?

or, rather, what is intrinsic value to man?

There are two senses, in either of which this phrase may be understood. It is necessary to discriminate. Webster thus defines intrinsic:

Inward; internal; hence; true; genuine; real; essential; inherent; not apparent or

accidental; as, the *intrinsic* value of gold or silver; the *intrinsic* merit of an action; the *intrinsic* worth or goodness of a person.

And value thus:

The property or properties of a thing which render it useful; or the degree of such property or properties; worth; utility; importance.

And in another sense, known in political economy as exchangeable value, thus:

Rate, or estimated worth; price deemed or accepted as equivalent to the utility of any thing; amount obtainable in exchange for a thing.

* * * *Intrinsic value* is the same as utility or adaptation to satisfy the desires or wants of men. *Exchangeable value* is that in an article or product which disposes individuals to give for it some quantity of labor or some other article or product obtainable by labor.

It will be observed that while an intrinsic value, like that of air, is not always exchangeable or salable, an exchangeable value is necessarily an intrinsic value.

It is true that flocks, herds, and grain "have intrinsic value" to man. They nourish his frame and protect him from the vicissitudes of the seasons. Now metallic money is an article which all men know will, at all times, under all circumstances, obtain for them everything which exists on earth for which man has any use, and its power to do this is the highest of all intrinsic values. There can be no substitute for it, because nothing else is known to possess that power. Paper promises or credits have a like power proportioned to the degree of faith felt in the governments or individuals who make them, but these promises or credits are of intrinsic and exchangeable value only because it is believed that they will be paid in real money.

The assertion that money, whether coin or promises payable in coin, has only a representative value is not true. Whatever thing has power to make trade, commerce, and civilization possible and flourishing, by facilitating the exchange of all useful and desirable things, is an innate, real, intrinsic, and not a representative, value. The precious metals have that power. Promises convertible into them have that power. Both have intrinsic value. If by representative value is meant that the intrinsic value in the ox and the value in the gold are equivalent in degree, I can understand it; but one is no more an intrinsic value than the other. Do you say that no man can eat gold, and therefore it has no intrinsic value? Neither can any man eat a plow nor even the ox until labor and knives and other intrinsic values have prepared him for food. Have things no intrinsic value simply because they minister not directly, but in remoter though just as essential ways, to the uses of man? And has not that which commands them all instantly an intrinsic value? Has the gold no intrinsic value before smelting? Has the promise no intrinsic value before it is redeemed? Gold in quartz has no value unless you can separate it from the rock. If all means of doing so should be destroyed the gold in the quartz would have no intrinsic value, because it would be unattainable.

In the same way, if the property of the promissor fails and the remedies of the law fail, then faith fails, and the intrinsic value, the power to command other equivalent values for use of man, disappears. But the value or purchasing power of the gold in the quartz and in the promise are the same so long as they exist. A purchasing power is an intrinsic value. It is more liable to be lost from the promise than from the gold or the gold-bearing rock. That is all the difference. Exchangeable intrinsic value is the power to meet a want of man, the satisfaction of which depends upon a limited supply. Of course, air and light, being universal in quantity and accessibility, are not subjects of traffic, and although they have intrinsic value they have not superadded to that, as have oxen and gold, exchangeable value.

There is no such thing as representative value in the sense in which the phrase is used in the sentences, "Money has only a representative value, whether it is made of metal, leather, cotton strips, or paper. If gold or leather can represent an ox, paper can do the same." Neither gold nor paper can represent an ox in any other sense than that they can buy him. In that sense they can represent him. How much of each would it take? Why, an atom of one and tons of the other; while the intrinsic value in ox, gold, and paper would be just equivalent, though not by any means the same.

There is no such thing as the representative value of money in the sense of emblematic, which is the sense in which it seems to be used by this writer, and these important propositions are without sense.

Paper has an intrinsic value, but only as a commodity, and that very slight when a given bulk is compared with gold, because it has no adaptation in itself as money. A promise upon it redeemable in gold or property is valuable; but it is not the paper, it is the promise of which the paper contains the evidence, just like a verbal promise in law and in fact, only a more convenient and ever-present proof, because in writing and signed by the promisor; and if the law has added to this the legal-tender power, its value is still more enhanced.

Take now the next sentence:

The money of a nation, so that it will legally represent any commodity to be sold for a price to be agreed upon in that money, must bear the stamp of representative money value, affixed by the government on coins, leather, cotton strips, or treasury notes.

Here is the same confusion of thought as before; also another incessant fundamental error of the believers in irredeemable money. They think the government can create money by law; that government can say, "Money be," and money will be; while the truth is that government can no more create money than it can create what money buys and pays for. Government makes all forms of property more valuable by the protection and safeguards it throws around it, but it can create the ox just as really as it can create payment for him. The ox buys the gold or the promise of it just as much as the gold or the promise to pay it buys the ox.

Trade exists in an empire of its own, by its own laws, and independent of all political governments. It embraces all mankind in its inexorable, world-wide, and perpetual jurisdiction. It holds close diplomatic and treaty relations with the shifting and circumscribed political governments, which because they may embrace an acre or a continent and survive a few centuries, imagine that they control all sublunary things. They may indeed arrest, and even destroy, until they are themselves destroyed; or they may assist, but to create is not simply to facilitate. Personal labor and thought applied to substances transform and transmute. They alone appropriate commodities to man; nor can money be had in any other way than by giving its equivalent in human effort, except by the wrongful exertion of superior force, which when exerted by an individual is robbery, and when put forth by a government, except temporarily and then for the preservation of the society or nation to which the owner belongs and with promise of indemnity, it is still robbery. It is a violation of the absolute rights of private property, no matter by what specious name it is called, nor in what garments of heaven the robber is clad. It is robbery all the same, even if he does come wearing the stars and stripes, and picking the creditor's pocket or bludgeoning him amid the roll of drums and the pomp of dress parade.

The stamp of government upon real money is not necessary at all. It is a valuable convenience to have its exact weight and fineness ascertained and stamped upon the metal and certified to by the highest possible authority. But that is labor; somebody does it and is paid for it. It is not the fiat of the Supreme Power. It adds somewhat to the value of a piece of gold, but how much? Simply the

cost of the process of coining; that is all. An individual could do the same thing and the effect would be the same if he could satisfy men that the process is as reliable and complete. This done by any one, or not done at all, and the coin or the bullion—the precious metals uncoined—travels everywhere because it is natural money.

One thing more Government can do: it can make gold and silver legal-tender; but this power is to them of very slight importance comparatively, because they are objects of such universal desire. It is of consequence to enable men to bar malicious suits and liquidate debts, judgments, and the like, when parties cannot agree as to the amount and manner in which payment shall be made. Controversies between parties alone make legal-tender necessary. Now, this quality is the result of an act of the Government, a law of the land, made and put in force by one of the highest agencies in human affairs, and, like the touch of the artist or the song of the poet or the calculations of the astronomer or the thought of the philosopher, it is labor, however brief the act, of great value, and especially so when bestowed upon the promissory money of the land. But, while everything which Government does by conferring the legal-tender power upon money is to improve, it does not create it. The gold or the promise of it is the original thing and entirely separate in their nature both from coinage and the legal-tender power. Government cannot attach money value to that which is not by nature a means of facilitating exchange. It can add value to promises or credits, to its own as well as others, bank-bills, greenbacks, and tokens, all redeemable, only in the way of sanctions and safeguards incidental to their inherent qualities. If it undertakes to do more and gives to its work the power of compulsory extinction of credits, except from absolute necessity, it is crime.

We have already seen that the promise is received instead of tangible property or coin, because men believe in each other. That is the fundamental reason. But experience has shown that sometimes men deny or evade their promises; hence the law creates courts to compel the performance of promises, provided the maker has property out of which to satisfy the judgment. Then it stops. It does not pay the debt. Why should it not, if it can create?

The courts make the promise more valuable, because the debtor is more likely to perform it. When the legal-tender quality is superadded its value or that of a mere token is further increased. While these acts of government are of slight importance to coin, they add very materially to the value of promises, and are the only value contained in token currency except the mere substance used.

POWERS OF GOVERNMENT TO CREATE AND CONTROL MONEY.

The next proposition is astonishing, but logically indispensable to the theory of absolute money:

The intrinsic value is absolutely contained in flocks, herds, food, clothing, and shelter needed for use by man; and the money of a nation in gold, leather, paper, &c., with the value stamped thereon by the sovereign act of the government, creates an agreement binding upon the people of the nation to accept such money, of whatever material it may be made, with or without intrinsic value, as an absolute representative and a measure of the respective values stamped thereon, that may be used in payment of debts, taxes, &c., and in the purchase of all the commodities in that nation or country.

The essential idea here is that such an agreement or duty can be imposed upon a people by its government. It completely shifts the option of trade from the seller to the purchaser; it compels the owner to sell, and destroys the right of private property which governments were established to protect.

I think I have shown that the paper token or any form of absolute money would lack all native value; indeed, that it would be the great advantage claimed for it. It would not and could not command the confidence of the human mind, because it would not represent cost in its own production. In order that it might command confidence,

enough of the cheap material must be used to make up a commercial value equal to that of the purchased article or the balance due upon one side or the other.

Now, if that is so, what right has Government to impose the agreement spoken of upon its citizens? Silver and gold are at least commodities, and men have as much right to traffic in them and to use them as money as to trade in wheat and wool.

If you prohibit men from doing so anywhere in the world you will find it absolutely impossible to prevent population and prosperity deserting such countries for those where the precious metals are to be found in abundance. These things are found where the precious metals are found or where it is believed they soon will be, and nowhere else. And whenever these metals get into the hands of the people, even if wholly demonetized, so far as the action of the Government can accomplish it, by failure to coin and depriving them of legal-tender power, they will still be the standard and measure of value all the same, because such is their place in life. They might depart of themselves for countries which allowed them to retain their valuable qualities, but the people would part with the metals from compulsion, not from choice. You cannot deprive gold and silver of their essential money functions by law unless you extinguish them utterly, or at least banish them absolutely from the face of the earth, nor can you transfer their uses to absolute money, any more than you can transfer by act of Congress the essential functions of motherhood to the sawdust dolls of the nursery.

No agreement like this here set up as the foundation of absolute money is possible, simply because it is instinctively known by everybody to be impossible, and the assumption that such an agreement is imposed upon the people by the Government stamp upon worthless paper is hardly sufficient to support a proposition so emphatically requiring strong argument.

Again, it is said that "the sovereign power must create all the current money to be used by the people of the nation and such money may be made of any material whatsoever. The base for the redemption or conversion of such current money will be in the commodities of all kinds that may be purchased with it and in the salaries, taxes, duties, wages, debts, and judgments that may be paid with it," &c. "If one dollar were better than another dollar in the same nation there would be a perpetual conflict between the two kinds of dollars as representatives of values. It is therefore true that only one kind of money should exist in a State." This is a strange medley of half truths and full-grown errors.

If the sovereign power must create all the current money used by the people of the nation it must do so out of nothing or at least out of some very cheap material, otherwise we may as well use the existing money of the world. If one government ought to do this, so should other governments—each within its own jurisdiction—some using paper, others leather or cotton slips, each as it pleases, and every other form of currency, including gold and silver, must be abolished.

We see at once that if the precious metals exist at all men will put them to their most obvious use, that of money, and no government is strong enough to prevent it, whether coined or not, whether a legal tender or not, government or no government. You cannot even use them for ornament or as merchandise, for the demand for them as money is most imperative, and if they are in a country will be its money. They will be used as the measure of values as they have been

Since the radiant morn of creation broke,
And the world in the smile of God awoke.

Now will some one explain how the precious metals are to be annihilated? How will you catch them? Men will hoard, they will

bury their treasure in the earth, and even if you could would you have the heart to destroy twelve billions of silver and gold? Whoever does this destroys the great mining industries of the world. What relief would there be for the workingman in that? How much would their destruction add to the value of the Comstock lode and what would be the value of the ore-bearing regions of the United States?

Now this process of destruction must be complete everywhere or you only drive these metals to a more sensible people. They would even seek the hospitality of the savage and crown him with civilization and joy. Nevertheless all the rest of mankind would have absolute money duly stamped by the government issuing it. Suppose now that a government goes down, as there does every year or two even among commercial nations. Suppose such a thing should happen, as it has in France fifteen times during the last eighty-four years, and fifty-six times in Mexico since 1821, and once at least in almost every country in Europe since the discovery of gold in California in 1848. Suppose, again, that during civil war the rival governments issue each its absolute money in a given country and fight for supremacy. How much will anybody's absolute money be worth meanwhile?

When a government is in danger, when a people are in danger, they want money. In the proportion that danger increases absolute money depreciates. That is so even if the government promise be added to its stamped papers. Stable government is the exception, not the rule, in this world, and so it must continue until the nature of man is transformed and the virtues of the millennium outshine the gleam of gold or even the splendors of this philosopher's stone—absolute money.

REDEMPTION OF ABSOLUTE MONEY.

Now we come to the important idea of this theory:

The base for the redemption or conversion of such current money will be in the commodities of all kinds that may be purchased with it, and in salaries, taxes, duties, wages, debts, and judgments that may be paid with it, &c.

How is this? Must absolute money be redeemed that is paid for? If so, will it not cost just as much to get it as to get gold and silver? And, if it does, what is the use of it at all? If it cost just as much it will be no cheaper. Then, why not stick to coin or promises to pay coin? Perhaps coin will be as stable in its value, and paper promises are just as convenient as absolute paper with the word "dollars" printed upon it.

How, then, is this redemption or conversion of such current money in commodities to be effected?

First, it must be issued. Who is to have it, or will you distribute it so much *per capita*? How will you get rid of all other kinds of money preparatory to its issue? But, suppose that all done and that the supreme moment has arrived, how will you start the thing? You have proposed to begin by paying off the national debt with absolute money; very well, that will give us two billions of currency, three times what we now have. But what if we had not any national debt? What will a nation do who has not any? But you say they all have them; very well; how, then, when that debt is small? What if it was very large? In Great Britain you would issue \$4,000,000,000 to begin with, I suppose. What next? You will pay all salaries and public charges by simply operating the printing-press.

You speak of taxes. Why will you assess taxes when you have plenty of paper and facilities for printing "This is a dollar," upon it? But taxes are to be payable in this absolute money. What do you want of taxes? Why, to pay for Krupp cannon, and for munitions of war, or the balance of trade due to the commercial world. What do you get by taxation? Why, your own absolute money, good for nothing certainly outside your own jurisdiction. Gold has fled,

and you make no promise ever to get or pay any. How will you trade in anything, even for the necessities of national life in any emergency, which of itself destroys all confidence in your absolute money. You may export commodities. That is national barter. But how will the nation get the commodities to export? Probably they do not exist for exportation. They seldom do when a nation is at a pinch, and not at all in most nations so as to give them any balance of trade which might be paid in arms and munitions; besides that, even if the commodities exist in your nation, they belong to individuals, not to the Government. How otherwise is the Government to avail itself of them unless it confiscates. Your taxes yield no means of payment, no basis of credit. You cannot borrow. You have no resource but to rob individual men for the general good, and that resource ~~is~~ if they have nothing to take which foreign nations desire.

In our last war gold did not leave us because we were in trouble, but because we rejected it and issued a cheaper currency, a suspended promise to pay, which usurped its place in the hands of the people, but which like all other things still comes to the inexorable measure of gold all through and ever since the war. Your power to levy taxes payable in these tokens would be folly. The stuff you would collect them in would be worthless in every emergency, and the Government would die, and the currency would die, and the nation would disintegrate all together. Who would take your currency in exchange for services to the Government even? Payment of salaries in absolute money is probably the true way to abolish the great American disease—the itch for office. What will you fix as the amount of the circulation? How many years of ruinous experiment will it require to confer the skill to guess within a billion dollars of the necessary amount? When money is "tight" you will of course relieve the stringency; the wants of trade will require it, for even with the paper promises of continental money and the greenback we were always sure of that blessing. In due time absolute money would be of less value than the waste ballots for defeated candidates in a last year's school meeting.

This would be a fine currency for the laborer. It is no doubt designed to bless him, upon the theory that the poorer the man the poorer should be his pay. He ought to have been a millionaire, a man with commodities who could at least get out of the country, although he would of course be robbed all the way. Our extradition laws would have to reverse their action and force back fugitives from injustice into a nation of thieves; for no man could trust his fellow. The nation would be organized upon the basis of confiscation, and if all the world should also adopt absolute money, society would be the forty thieves in a state of anarchy. But this idea of founding absolute money upon all the property of a nation is entirely incomprehensible, at least by me.

Suppose a man gives his promissory note for \$100, absolute money, and gets the tokens or slips of paper. What next? He wants a horse and finds one. Will he be able to induce the owner to part with a horse worth \$100 in gold for those slips of paper? It will take two centuries at least to close that horse-trade. But suppose he does succeed; some time he must pay the note. What will that note require of him? Must he pay it in gold measure, one hundred gold dollars? He might just as well have done the whole business on a gold basis. If he has got to sacrifice \$100 gold value of some commodity which he may have to pay that note he is as badly off as under the horrors of specie payment. What will he do in order to get the benefit of absolute money; I mean the genuine thing, which distinguished gentlemen from the West and South want issued for the benefit of the poor man? There is only one thing he can do: he must go to the Government and get the paper by simply paying the cost of the material

and printing, and tender it in full payment of that hundred-dollar note and interest. A half bushel of potatoes will pay the Government well, and he will be rendered prosperous, happy, and grateful. But why all this circumlocution? He should have got the money of the Government in the first place. It comes down to this every time as the ultimate. The dollar in absolute money would be worth just what it cost to produce it, which would be next to nothing; and a ten-thousand-dollar bill would be worth no more than a ten-cent scrip. There is no logical escape from it. The attempt to introduce this absolute money is absolute nonsense, and the idea of its convertibility into commodities as a money is the delusion of a *doctrinaire*. It is an attempt to change the nature of things by a statute law, like the Pope's bull against the comet. It would be just as sensible to order a new solar system in place of the present one, to be made of cheap nut-megs and Chinese lanterns, as to undertake by statute to change all the laws and harmonies of trade founded upon the immemorial experience, practice, and business faiths of mankind.

ARGUMENT BASED UPON THE USE OF SUBSIDIARY COINS.

It is claimed by the advocates of absolute money that the circulation of a subsidiary currency of coin at a legal value greater than its commercial value disproves the doctrine that any intrinsic value in money is essential. Thus, that the fact that the copper, nickel, and small silver coins of this and most other countries are rated and pass current at a somewhat higher legal value than they will sell for as commodities proves that they would do so for all the purposes for which money is used. But such result by no means follows. Gold is unfit for circulation, though not as a measure of value, in small sums; and the constant necessity for actual money in the innumerable daily transactions of life gives to silver and even copper and some metallic compositions much greater real value for money uses than is indicated by their commercial value. In fact, gold is almost the poorest of all things for such uses, by reason of its great value in small bulk and the consequent hazard of loss in handling. Silver and copper and some compositions, by reason of their peculiar fitness for use in small affairs, receive a vastly increased proportionate value from the process of coinage and the legal-tender quality than does gold; and there being nothing else which can be so well used, unless promises payable in coin, they circulate at a higher nominal than commercial value.

But there is a limit to this power, and the silver half dollar ceases to circulate when its commercial value is more than about 7 per cent. less than its legal or nominal value. Why is this, if the absolute-money theory is correct? If it were true, the silver should still circulate if its commercial value were reduced not only 7 but 70 and 90 per cent. below its legal or nominal value. Besides this, all the subsidiary coinage of the country is redeemable in gold when presented in sums of not less than \$20, by the laws of the land, so that the argument from this source, so much relied upon by the advocates of imaginary money, utterly falls.

Again, a subsidiary coin—a small coin for pocket use, which has the full par value of silver; that is, its commercial and legal value the same—cannot be kept in circulation at all, provided a still cheaper one can be obtained. Why is this? Such small coin has the same intrinsic value as the same nominal amount of gold, but possesses for money uses a greater value in small sums than gold; so that it is exported or melted down and replaced by a cheaper coin. Those who get them know well that small coins with less silver in them will circulate at par with gold, which is the world's standard, and they are not slow to resort to exportation or to the melting-pot for the profit.

It is an unquestionable fact that silver itself as a small coin is

worth more than as a large one. There can be no possible doubt of this nor is there any other possible explanation of it than the one I have given above. All these facts as to the nature and peculiarities of subsidiary coinage or currency, instead of corroborating, utterly disprove this wild theory of absolute money.

THE PRECIOUS METALS SUFFICIENT IN QUANTITY.

One of the principal arguments of the opponents of a coin currency or measure of value is thus expressed by Mr. Britton, on page 13 of the pamphlet referred to:

We as well as a number of other nations have tried this experiment of a specie basis; and like all those other nations have made a signal failure of it. The reason of this universal failure is simple enough; namely, that in the whole world there is not gold and silver enough wherewith to conduct its commercial business, and that such a basis must therefore of necessity be purely fictitious.

Almost the sole want of gold is as a measure of value. It is in this respect absolutely imperial and indispensable. Very little is required in circulation. It is only necessary that a sufficient amount of coin shall be accessible to the business world so that its value may be readily ascertained and known by the test of occasional transactions, and that the substitutes for it in actual use may be compared with it by redemption from time to time, and that it be available in those rare instances when legal tender is required.

It is no argument against coin measure of values to speak of bankruptcies, and revulsions, and disasters in the currents of trade, for there is not an instance in history where a financial disaster was occasioned by adherence to the specie measure of values. On the contrary, departures from it, the overstraining of credits and resort to irredeemable promises and wild speculations, the very essence of all which is the disregard of the principles of metallic money, have been the cause of the greatest business calamities known among men, all traceable to false theories of finance. It is a singular perversity of intellect which seizes upon the feverish and bankrupt condition of a community resulting from too faithful application of the false doctrines of paper money theorists, and deliberately charges upon the precious metals the ills which have culminated from disregarding them. It is as though a seaman should madly crowd all sails, drive his ship among breakers, and then charge the wreck to the anchor.

There are wars and famines and pestilences, earthquakes and inundations and death. Innumerable misfortunes, resulting from their own crimes and follies, throng the way of mortals from the cradle to the grave. What of it? Shall we therefore adopt that course of action which produced the evil, and which will establish disaster as the normal state of things? Are all the lessons of experience, all the ameliorations and remedies and blessings which have been wrenched from the hard hand of adverse fate or bestowed by benignant powers, to be thrown away because some evil yet remains?

But the assertion that there is not gold enough in the whole world wherewith to conduct its commercial business is simply untrue in point of fact. The author is using the term gold as embracing both precious metals, but it is still untrue even if confined to gold alone. So exactly true is the contrary that not more than one-half of the precious metals in the world is used as money, either in form of coin or bullion. The rest exists in the various forms of ornament and other merchandise.

In a most forcible speech favoring the payment of the public debt in silver, delivered in the House by Hon. J. G. CANNON, of Illinois, during the last Congress, after careful inquiry he states the total amount of gold and silver in the world, as follows:

For use in the arts and coin—gold	\$5,800,000,000
For use in the arts and coin—silver	5,600,000,000
Total	11,400,000,000

About one-half of this amount (\$5,700,000,000) is coin, (coin and bullion,) of which is in use in the commercial world—

Gold coin	\$2,600,000,000
Silver coin	1,000,000,000
(In western world)—in the East, of coin mostly silver.....	2,100,000,000

Total precious metal used as money..... 5,700,000,000

In a letter, cited by Mr. CANNON, the Chief of the Bureau of Statistics says:

The present stock of the precious metals for use in the world (for coinage and the arts) has been estimated by trustworthy investigators at from \$11,000,000,000 to \$13,000,000,000, or say \$12,000,000,000.

Estimates vary considerably, but there is no more reliable statement to my knowledge than the above, and it is generally agreed that about one-half of each metal, or less than one-half, is used as money. What, then, is the truth as to there being enough of either gold or silver to serve as the basis of a monetary system for the world? It is apparent that if there was in the world as a whole any lack of coin, either of gold or silver, that the uncoined metal would pass into the form of money at once and supply the needs of mankind. It is also apparent that the total coin basis or measure for the whole world could easily be furnished by either one of the precious metals, inasmuch as there is a total amount of each, embracing both coined and uncoined, of more than the total amount of coin of both metals in actual use.

Both metals are used, because each possesses qualities essential, but different from the other, rendering both indispensable to the race as a whole; the one more important to developing and partially civilized nations, while the more enlightened and refined inhabitants of the remaining portions of the globe prefer the other. The Asiatic, the semi-barbarian, must see and handle his money; he will prefer silver. The merchant and banker know that gold on deposit affords a secure and unvarying measure of value, and trusting in the laws and the iron vaults of their country, prefer the more precious and less cumbersome metal. But the great fact remains that less than half the precious metal in the world is required as money by the human race. This is an absolute overthrow of the argument above cited. If not, why not? The truth is that coin being received and acknowledged as the test or measure of their value, promises on paper, bank-notes, and credits supply 97 per cent. of the functions of mere exchange, and will always do so under any healthy system of finance.

It is difficult, perhaps, exactly to know what is meant by there not being gold and silver enough wherewith to conduct commercial business; but if it is claimed that these metals must be discarded as the test or measure of values, their chief use, for the reason that their volume is not sufficient to make the exchanges of the country, the reply is that they are not required for that purpose, but only as a test of other agencies. If you would embrace the arguments of the advocates of paper money, and assuming that as large percentage elsewhere is done in substitutes for coin as is the case in this country, then you must increase the coin of the world to at least thirty-two times its present amount or \$182,400,000,000, whereas in fact, as is above shown, with a reservoir of uncoined precious metal of one-half the existing stock from which to draw at the slightest increase of demand for coin, the values of the world actually are tested and measured by only \$5,700,000,000. This argument is like claiming that the measure of distance must be of the same length as the distance; that the Gunter's chain must reach round the world in order to measure it, and that the measure of weight must be as heavy as the object weighed.

REMONETIZATION OF SILVER.

It would seem to be impossible that the people of this country

would ever embrace, even theoretically, the system of absolute money. Yet, as I remarked in the beginning, there are many able men who advocate its doctrines. Their following is large and I fear is increasing. I have been thus prolix upon this subject because I consider the real issue to be between absolute money—an irredeemable paper currency—and coin.

The effort to remonetize silver at a higher rate than its commercial value compared with the gold standard is supported without exception, so far as I have ever heard, by the same men who deride the coin measure, because they consider the silver movement auxiliary to their own. They pet the silver men as partial inflationists and embryonic converts to an irredeemable currency. The silver movement is for the avowed purpose of depreciating the standard of value, thereby repudiating about 8 per cent. of all debts in the country, and thus giving an irresistible impetus in the direction of total repudiation of both public and private obligations.

That I do not misrepresent the feelings of these men will be seen from the same authority I have before quoted. After saying that in the Western States and Territories alone the production of silver has doubled in five years, increased from \$20,236,000 in 1871 to \$41,506,672 in 1876, he proceeds, on page 21, as follows:

These and other facts have gradually, as I said before, brought over, if not fully to my system of absolute money, at least to the principles which underlie it, that vast portion of the American people who are in favor of silver resumption; for, by abandoning the exclusive gold-basis theory, and advocating the establishment as legal tender of a metal far inferior in market value and subject to violent fluctuations, they virtually concede that the "intrinsic value" of the money tokens of a nation has very little to do with its value as money when it is once made legal tender. As one of the foremost journals advocating this restoration of silver to legal tenders though always a violent opponent of paper money heretofore, the Saint Louis Republican puts it tersely:

"There are those who talk about gold and silver having an intrinsic value. The naked truth is that nothing on earth has an intrinsic value. What is a value? It is nothing more than the expression of a human being's desire to live, to be fed, to be clothed, to be housed."

Query.—Is not that an intrinsic value?

And soon at considerable length, showing that these men welcome the silver movement as their own, and gladly fraternize with it as a preliminary contest preceding the grand engagement to come. It would be gross injustice toward the great mass of our countrymen to accuse them of dishonest intent in advocating the remonetization of the old silver dollar of 412½ grains as the equivalent of the dollar in gold. But it cannot be seriously contended by any, one that the effect of this step would not be to pay debts at a discount of about 8 per cent. upon their gold value, or at all events at some discount, and 5 per cent. less than their value in a currency now worth ninety-seven cents in gold, while that silver dollar is worth but ninety-two, and that this saving is what its advocates are after—nothing else. They did not grumble when silver was demonetized, for it was then worth 3 per cent. more than gold.

This is a partial repudiation.

Hill In saying that the principle of the silver movement is the same as that of absolute money, Mr. Britton is right; and thus he himself asserts that total repudiation is that principle fully carried out in absolute money.

It is true that the tendency of remonetizing silver in itself would be to make it more valuable somewhat; but on the other hand it must be remembered that we are only a segment in the great circle of commercial nations, and for us to adopt silver as a measure when most other civilized nations have either already discarded it altogether, as in England and Germany, or are getting rid of it by refusing to coin it further, as in some of the states of the Latin union, will be to invite the floods of silver from nations which, like France and Germany, have great masses on hand for sale, and which they are

holding until we open a market for what no other nation will take off their hands. Besides this, we must expect to meet the increasing mass of our production, which is now so easily obtained by modern appliances that it costs probably less than 25 or at most 33 per cent. of its market value to produce a dollar in silver to-day. This tremendous stimulus is seen in the fact cited by Mr. ~~Butter~~ *kill*, that the product of the silver mines of the West has more than doubled within five years, and at such a time we propose to absorb into our own circulation at once the millions of the Old and New World and to become the only silver market among civilized nations. It is important also to remember that the best authorities agree that there are unmistakable signs that the Asiatic market, which for the last year has revived from the great stagnation which led to recent depreciation in silver, giving a temporary outlet for the production of our mines, is again about to collapse, leading to another great decline in the value of that metal.

There can be no doubt that the enormous profits of silver mining will greatly stimulate production and depreciate the value of the metal for a long time to come. In time, the civilizing processes now inaugurated in semi-barbarous lands, in Asia and Africa especially, will increase the demand for the precious metals, more particularly of silver; and in time silver is, in my belief, likely to become as valuable relatively with gold as formerly.

If now the proposition was to put 5 or 6 per cent. more of silver into the silver dollar, making about ninety-eight cents in gold, and let the law go into operation two or three years hence, I believe that the act of remonetization would make such a silver dollar worth one hundred cents in gold. In such remonetization there would be no element of dishonesty. It would, in my belief, still be inexpedient, because it would be uncertain what action might be taken by other nations, and the probability is that they would seize the advantage of our adoption of the silver standard to strengthen their own adhesion to gold, sell their burdensome stock of silver to us at an advance, and keep clear of it hereafter.

Right here I wish to impress a thought which I think bears strongly upon

THE PROBABLE FUTURE OF SILVER.

I was lately informed by the superintendent of one of the largest mines of the Comstock lode—the man who took out and weighed the ore himself—that the total yield of his mine had been upward of \$30,000,000, of which at least \$20,000,000 had been distributed as a net profit to the stockholders after paying all investments of capital, interest, expenses of working, everything. Now when the Anglo-Saxon race has begun the process of digging and crushing the mountain ranges of North and South America, known to abound with bonanzas of silver, and probably also of gold, it is palpable that the chances are a thousand to one that silver cannot be kept at anything like its present price against the competition of the numberless bonanzas likely—almost sure—to be opened in the near future. New Mexico, Arizona, Mexico proper, Peru, and other South American states, are known to be full of silver, easy to be had with the modern railroad and mining appliances. Upon the alleged appreciation of gold the Director of the Mint informs us in his last report, page 16, that—

A circumstance which would appear to prove beyond reasonable doubt that the change in relative value of gold and silver is due chiefly to a depreciation or fall in the value of silver, is that within the last twenty-two months the export of silver to the eastern nations from London and San Francisco has amounted to about \$143,500,000, and that under this unprecedented demand, including the consumption during the same period of about \$28,300,000, for the fractional currency of the United States, making together over \$171,800,000, the average price of that metal has not risen over 54 pence against 60½ pence, the average of 1873. If silver had not really depreciated, this demand, which probably exceeded the entire gold coinage of the world for the same period, would have carried the price to or above

the point at which it ruled before the German money system was changed. In the face of these facts the assumption that gold has appreciated does not appear to be well founded.

It is very evident to my mind that so long as England, the monetary center of the world, does business only with the gold measure, no other nation dealing with her, and through her necessarily, if at all, with the rest of the earth, can adopt any but the gold standard, or if a silver standard, then one of the same value as the gold, that is, a dollar of about 444 grains, without very great disadvantage.

But the trouble is that as soon as we begin to put silver enough into the dollar to make it equal in value with gold the silver bill is dead, and even its friends will not bury it. Nobody will take \$100 in silver worth \$100 in gold. But if it could be so contrived by the debtor as to pay a debt of \$100 contracted by the measure of gold with one hundred silver pieces worth \$92 in gold there would be something about the transaction having charms for those minds which are intent upon a pecuniary advantage at the expense of the national honor.

If an international agreement could be arrived at by which silver should be adopted as a measure by all we could agree to it doubtless without injury. Silver would then be used only as a subsidiary coin, unless it were commercially cheaper than gold, in which case silver would become the standard and gold would be demonetized in practice by its greater relative value, since debts will always be paid by the cheaper measure, until such time as it became, at the legal proportions ordained between them, the cheaper of the two metals, when it would again become the standard, and silver would be demonetized as it was from 1834 to 1874. It is impossible to escape the standard which England adopted, so long as she is the clearing-house of the world, unless we cease to do business with the world. Her standard measures the imports and the exports of every nation under the sun, and if we do not conform to it in our internal as we do and must in our external transactions, we simply cheat each other, that is all. We pay insurance against every variation or fluctuation in our currency and for every hazard and possibility of fluctuation in enormous percentages, which are no less real because like indirect taxes upon consumption they are not always visible.

DEMONETIZATION OF SILVER NOT A TRICK BUT A DUTY.

It is said that the act of 1873 by which silver was demonetized was a fraud upon the country. It was not so. The act only provided that the coining of the silver dollar should cease. It was then worth one hundred and three cents in gold, and its circulation was impossible for two reasons: First, the paper promise of the Government was the currency, understood to be payable at the resumption of specie payments in gold—a commodity then cheaper than silver, the gold dollar being worth then less than ninety-eight cents in silver. Hence there could have been no motive to forbid the coining of the silver dollar in order to avoid payment in a cheaper commodity than gold. Gold had been the only standard in England since 1821, and gold had been the only standard in America at least since 1853. Ever since that time the legal gold dollar had been worth less than the legal silver dollar, and therefore all debts contracted in this country had been contracted by its measure since that time except during the period of suspension, and then in a currency understood to be payable in gold, because that was cheaper than silver, whenever resumption should take place. There appeared to be no possible use in future for silver as a measure of value—no use except for small change as subsidiary coin—and therefore after two years pendency, and under the eyes and noses of the advocates of paper money and with their full knowledge, the further coining of the silver dollar, of which only \$3,045,838 had been coined since the foundation of the Government, was prohibited. The revision of the laws touching our coinage had

been the subject of careful consideration in Congress for several years preceding the passage of the bill.

The then chairman of the Committee on Coinage, Weights, and Measures, Hon. WILLIAM D. KELLEY, of world-wide reputation as the advocate of paper currency as against coin, was the champion of the bill, and especially of this feature demonetizing silver, as appears from the protracted discussion found in part 3 of the Globe, second session of the Forty-second Congress, commencing page 2311, in which he was a central figure, as he still is in every debate in which he participates at all. It having been everywhere claimed that silver was demonetized by a hard-money trick until many people really believed the lie and until it would almost seem that popular elections are carried by it and that the votes of sage members of this body are influenced by it, I take the liberty of transcribing from the able speech of the distinguished champion of soft money and silver demonetization in 1872-'73, who is the equally able champion of soft money and silver remonetization now, the following passages in favor of this feature of the demonetization bill of 1873. He says on page 2311, above referred to:

It was apparent to me when I had the honor of bringing this bill to the attention of the House the other day that those who have an interest in securing its defeat, which now amounts to at least from a quarter to a half million dollars a year, and which would, if we were on the basis of specie payments, have an interest running up into many millions, had ingeniously plied some of the leading members of the House with suggestions touching the minor details of the bill, which, if accepted by the House, might render its passage impossible. * * * One silver bullion dealer of New York during the last Congress admitted to the gentleman who is now acting as chairman of the committee in charge of the bill that under one defect in existing laws he was making at the cost of the Government from seventy-five thousand to one hundred thousand dollars a year.

Again, sir, by a mistake in our law, it has become impossible to retain an American silver dollar in this country, except in collections of curiosities. They would if coined in considerable numbers be a source of enormous profit to the silver bullion dealers of New York. Let me show you. The silver dollar required by our laws is worth three and a half cents more than our gold dollar, and is worth seven cents more than two half dollars. Now, sir, let us get back, as the gentleman desires, to specie payment before we legislate on the mint laws, and you will have an interest of from one million to many million dollars a year here with its lobby in and around the House to prevent the Government from the possibility of losing a few dollars by substituting copper nickel for copper and copper-bronze coinage. Every dollar we will then coin in silver will put from three and a half to seven cents in the pocket of the individual broker.

And on page 2316 Mr. KELLEY proceeds:

Hence all experience has shown that you must have one standard coin, which shall be a legal tender for all others, and then you may promote your domestic convenience by having a subsidiary coinage of silver, which shall circulate in all parts of your country as legal tender for a limited amount, and be redeemable at its face value by your Government. * * *

This bill, while it contains many other excellent provisions, will save to the people of the country at least from a quarter to a half million dollars in the next year, apart from the jobbing in hypothecated bars, and when we come to specie payments we will save \$5,000,000, which now go to the silver-bullion dealers of New York.

These facts and the vigorous discussion of all the features of the bill in both Houses of Congress, and the special and pointed arguments of the distinguished Pennsylvanian, ought to end the clamor in this country which is raised by ignorance or by something worse about the alleged tricks of those who favored the passage of the bill of 1873. But, upon the principle that a lie well told and adhered to is as good as the truth, no doubt the noise of the demagogue will continue all the same. It will take more than the still small voice of truth to silence him. When his mad and criminal ravings have broken credit, destroyed the remains of business, wasted the resources of doubly abounding nature, enthroned disaster everywhere, wrapped this energetic generation in the shroud of misery, and wrecked the nation upon the shoals of despair, possibly his yelp may cease. But I expect nothing less will turn his head to the rudiments of political economy.

Subsequently the demonetization of silver by Germany, the limitation of its coinage by France and the Latin union, the sudden failure of the Asiatic market for silver, and the vast increase of the silver production of the world at the same time that its markets were thus suddenly cut off drove its value rapidly down until in 1876 it was 20 per cent. less than in 1873, and produced apparently a permanent reduction in its value compared with gold of 8 or 10 per cent., with the chances that it will go still lower for some years at least to come.

Now those whose doctrines involve repudiation of everything, uniting with many who do not clearly see the nature of the act, and others who fear that worse may come if this is not granted, desire to measure all existing contracts and obligations at 8 per cent. less than when the agreement was made.

For a quarter of a century the word "coin" has been in the public mind synonymous with gold. Silver was never thought of as a measure of value, because it was dearer than gold, and the cheaper coin or tender is that in view of which all contracts and transactions are performed by universal law, unless at the time of the agreement some other measure is named.

The act of 1873 provided that no more silver dollars should be coined, simply because there was no more use for them, and speculators were robbing the people of a quarter of a million annually, as Mr. KELLEY said, and in case of resumption, would increase their depredations to at least five millions annually. That is all there was of it. Nobody thought of the enormous fall of silver which came two and three years afterward. It impeaches the intelligence of every advocate of soft money to say that there was any other reason, for the field of knowledge was open to them as well as to others, and in the same breath with which they charge others to have been knaves they admit themselves to have been fools.

MORAL AND CONSTITUTIONAL OBLIGATIONS.

But I wish distinctly to say that if the case had been different, had the impending and immense depreciation of silver which was sure to take place from causes over which we had no control been known to every one, it would then have been the imperative duty of the Government to have prohibited the further coining of silver. If it had never been done until the depreciation took place—if it were not done to-day—it would be the duty of this Government, instead of passing the silver bill as we propose to do, to enact that same law of 1873, or to increase the quantity of metal in the silver dollar proportionately to its depreciation, at this session. It would be right to do it. It would be for the interest of the country to do it. It would be dishonest and ruinous not to do it.

Gold has not appreciated in consequence of the law of 1873. That act had no effect upon silver, for it did not circulate before. We left off coining the silver dollar because we had no use for it and were not likely to have any. Less than one-half the gold in the world is used as money now, and if more gold coin is wanted it will pass from merchandise to the mint at once. There is no trouble about the quantity; but of this hereafter.

The Constitution gives to Congress the power to coin money and regulate the value thereof. The States lose the power given to Congress, and thus the duty as well as power is vested in Congress to perform both these acts.

There are two branches of this duty—to coin and to regulate value. Now the duty to regulate value is to regulate the relation of the coins of gold on the one hand and of silver on the other, not so much between themselves, but rather the relation of the different metals to each other. This is apparent at once. How many grains of gold shall be taken as the equivalent of a given silver coin? How

many grains of silver of a given quality shall be equal to a dollar in gold?

These are the questions. Congress under the Constitution must answer them. But this term "regulate their value," this implies subsequent action and refers to that paramount duty of all governments to so regulate their standard or measure of value as to preserve the complete, relative uniformity of value between the metals so far as possible; not so that a dollar in gold will always purchase just the same quantity of wheat or corn; but so that a dollar in gold and a dollar in silver or the paper money in use will each at any given time purchase the same amount of commodities. Thus if one of the precious metals which has been used as the measure of value from any cause should suddenly and largely and permanently appreciate in value, it would be the duty of Congress to call in and melt up its coins, reduce the amount of their metal and issue them again in conformity with the value of the metal which had not increased in value meanwhile.

So, should the standard of value suddenly depreciate, or if causes are plainly in operation which must reduce that standard, whether single or double, largely and permanently, the duty of Congress is imperative to call in those coins and increase accordingly the intrinsic value of their composition.

Should both silver and gold be legal tender, it is not probable that both will fluctuate at the same time—and here is the great advantage of the double standard or measure—but if one fluctuates the other will be firm. Other nations cannot demonetize both at once. That is impossible; one must always be of stable value; and if a cloud of uncertainty hangs over the future of one of the precious metals, as is now the case with silver, it is the duty of a government to suspend its coinage until events or the general agreement of nations restores its permanence of value. For one nation of the commercial union of the world to attempt to remonetize it alone is like one of the States of this Union undertaking to do business with a depreciated currency discarded by all the rest. The West knew something of that a generation ago.

The fact that there is at the same time only one metal used, a measure of value, and that always the cheaper of the two, even when both are represented in the coinage, is not important so far as this duty of government is concerned. The duty is to protect the nation against fluctuation in its measure of value so far as possible. Truly, a very difficult power to exercise—a dangerous power—but one which must exist and which is often put forth—a power which should not be exerted upon slight appearances of its necessity, nor until it is clear that the depreciation or appreciation of the metal is considerable and likely to be permanent.

The regulation can be effected by prohibiting the coinage and removing the legal-tender power in some cases and awaiting the course of events before determining whether to resume it at a subsequent period when events shall have thrown light upon its future position as a component part of the currency, or it can be accomplished by increasing or lessening the intrinsic value of the coins at once. Take now the case of silver. Grant that by the letter of the law it was "coin" until 1873, and that public and private debts might be paid in it until that time, and that they might properly have been paid in it after resumption of specie payments under ordinary circumstances, and how does the case stand?

To begin with, we know that a nation is above compulsion in all that relates to its legal standard or measure of values, debts and credits. It may repudiate, or authorize its people to repudiate, wholly or in part. The nation cannot be summoned into court, for it is above all courts. It can be as glorious or as depraved as its instincts incline it to be. It can give no security but its honor. When that is

gone its credit is gone—it cannot borrow a dollar. Therefore, “What ought the nation to do?” is the only question which ever can be presented to a brave and powerful and prosperous people, and thank God thus far a nation of unsullied honor, like the inhabitants of happy, proud America.

Now, when gold coin was the only coin which occurred to either debtor or creditor for nearly a quarter of a century as a measure of value, and when every existing obligation payable in coin had been contracted with reference to gold coin because it was cheaper than silver, or in a currency therefore to be redeemed in gold whenever redeemed at all, and when silver, at one fell swoop, was depreciating 20 per cent. and refuses to rise again within 8 per cent. of the standard coin in which all contracts to pay had been measured at their inception, and when, as the gradual reduction of its purchasing power shows, even gold itself has largely though uniformly, and hence without shock or fluctuation, depreciated in the markets of the world since 1848, what should a rich and honorable people do? What should even a *poor* but proud and upright nation say upon the present occasion? There is but one answer possible. We must pay the debt by the measure in which it was contracted, either in gold or in a silver coin of corresponding value. If we cannot pay, that is another thing; but we can pay, and to refuse is disgrace.

PROFIT AND LOSS BY REMONETIZATION.

It is pitiable to think of the little mess of pottage for which we propose to sell our birthright of honor. I suppose it would be fair to the advocates of the silver measure of payment to call that metal worth ninety-two cents in gold; that the act of remonetization might add temporarily at least two cents more, so that the shave would be six cents on a dollar. Well, that would be something for a dealer in old clothes. But take our national debt at, in full numbers, \$2,200,000,000, 6 per cent. of it is \$132,000,000, or less than one-half our yearly income from taxation, and even this saving is to come imperceptibly, through the next forty or one hundred years which will elapse before the bonds and loans and future fundings of the national debt are all extinguished by payment. The greenback and national-bank currency are all which will now be paid in silver coin, 6 per cent. of which might yield us \$40,000,000, and this just \$10,000,000 more than the pension fund, our annual offering upon the altar of national love for those who gave life and limb to preserve our integrity and power; this is the pitiful price for which it is proposed to barter our good name and destroy our credit and self-respect.

The agitation of the remonetization of silver and of the repeal of the resumption act, and the probability that the public debt will be paid in a measure of 8 per cent. less value than that in which it has hitherto been believed it would be paid, has already stopped the sale of our 4½ per cent. loan; and thus we lose the benefit of a reduction of one quarter of the annual interest on our bonded debt.

For illustration, assume what is sufficiently accurate for the purpose, that our interest-bearing debt is \$1,800,000,000. If it is to be paid in silver its gold value becomes \$1,656,000,000—a difference of \$144,000,000. It is idle to expect ever to place that debt, if to be paid in silver, at a lower rate than 6 per cent. interest. It is payable semi-annually; but assume that it be paid annually and the interest charge yearly is then \$99,360,000. But we were placing the whole at 4½ per cent. in gold, and the interest in gold on the debt payable in gold would be \$81,000,000—a net loss of \$18,360,000 every year on the interest charge alone. Should the national debt be funded in a forty-year bond, this difference invested in a sinking fund would pay the whole principal of the debt many times over, as any one can see who can cipher.

The gold bond of the United States is the best security in the world. Our debt within four years' time might, I believe, be funded

at 3 per cent. in gold—doubling the interest saving; and thus we are likely by this insane silver policy to lose \$36,000,000 yearly on the interest item of our expenditures alone.

Again, the nation being the best able of any debtor, whatever the rate of interest which it pays is uniformly lower than that which individuals are compelled to give.

Thus by this act we shall virtually tax all private enterprise with a burdensome rate of use for money, which of itself for years to come will most seriously fetter and burden producers, and especially laboring-men, who starve when industry is paralyzed. The great burden of industry is never the principal of its debts, but the interest it pays; and whoever comprehends the real causes of our financial troubles knows that high rates of interest are the secret of our woes. They are the serpent's fang in the arteries of industry.

THE SAVING BY THE SILVER MEASURE ON EXISTING PRIVATE DEBTS.

But it is urged that the same reduced value would apply to all State, municipal, corporate, and private debts, the amount of which is very large. This is true to a great extent; but, even in payment of the great mass of private debts, we should only be taking from each other 8 per cent. under a modified form of the bankrupt act, and the effect of this would be distributed over many years, during which, if the value of silver should appreciate as is claimed by some, the relief designed would not be realized and would be almost imperceptible at the best. I do not object to the remonetization of the silver dollar of 412½ grains because of the amount which it will take from the creditor so much as by reason of the essentially nefarious and, as it seems to me, dishonest nature of the act. If we are to do this thing I would like to make more out of it. In contemplation of the nature of the act and its rewards, I feel that it is cheaper than the work of Judas. He will be ashamed of his humble imitators.

Again, the—

AVERAGE LENGTH OF CREDITS.

that is, the duration of debts, is only two years, and it should be remembered that nearly all the contracts and business of the country have been since February 7, 1873, five years since, adjusted to the gold measure or to a currency declared by law to be payable in gold alone, and the redemption of which on the 1st day of January, 1879, has been for almost three years solemnly pledged by the nation, a currency to-day worth five cents in gold more than the old silver dollar of 412½ grains, a currency which if made payable in silver will sink at once to eighty-nine cents in gold, and nobody knows where it will stop in its descent. If now you suddenly say that all the debts of the country, the great mass of which have been contracted within five years, shall be paid not at the rate of even ninety-seven cents in gold, but at the rate of eighty-nine cents in gold, do you not for the sake of the shave upon the long debts of the country, inflict upon all short credits, which are many times the total of bonded and mortgage debts created prior to 1873, a most insufferable, wicked, and outrageous loss, for which there can be and is no pretense of justification, because they were contracted with reference to the law as modified by the law of 1873, and most of them in view of the additional pledge of resumption now nearly three years old?

Every one will admit that whatever is due to laborers in this country has accrued within one or at the most two years—certainly within five. Assume for illustration that there are ten million laborers who work three hundred days in the year at \$1 per day. They will earn in two years \$6,000,000,000. Now there is no doubt at least 20 per cent. of that amount due for labor to-day; and probably more than twice that, as the price per diem is placed much lower than the average of wages in my belief. Twenty per cent is \$1,200,000,000. Pay that in currency redeemable in silver and there is a net loss

to laborers upon existing debts of \$96,000,000. And so you rob labor of \$96,000,000—probably twice that—to save \$40,000,000 on the public debt, payable mainly out of the luxuries of the rich. Take the leading city of my State, Manchester; little, but the home of great industries, having a population of thirty thousand and paying monthly \$500,000 to laborers in cotton mills alone. Governor Straw, than whom there is no better authority upon economic questions in this country, informs me that the enactment of the Bland silver bill will, in his belief, deprive the operatives in the mills of that city of at least 50,000 of their hard earnings every month; and all other labor in that city and State and throughout the country will be damaged in the same proportion.

But the loss you inflict by suspense and uncertainty in business movements and by depriving the laborer of the opportunity to work at all for any wages whatever, is outside the possibility of computation.

Pay off the debts of all kinds contracted since 1873 at 8 per cent. discount. Let every laborer, farmer, mechanic, and country merchant, and salaried man in the United States reckon for himself. How much is it in all? Let every man appeal to his own knowledge. How many hundreds of millions in all? And whose loss is it? Certainly not the bondholders. It falls everywhere, but chiefly upon the middle and poorer classes of society.

Suppose the immense crops of the country are sold in gold, as they are and will continue to be in spite of us, and are paid for as they largely may be and will be if silver is remonetized, at the silver measure, how much have the West and South made in consequence? That would be an interesting problem for those whose tastes lead them to calculate the profits of repudiation. I shall not take part in it until I believe it is a performance in which an honest constituency desire their representative to participate.

But this matter is one of the most serious concern to the laboring, suffering poor to-day. The adoption of the silver standard would inflate prices after a certain lapse of time. More silver dollars would be called for because they would be worth less. The gold dollar would still be worth more and purchase more. Everything, however, would be rated in silver. It is a fact established by all experience that in a period of inflation the wages of labor are the last of all things to increase in nominal amount. For a long time after all the necessities of life have increased in price the laborer will still receive the same nominal sum which he did before inflation; but his silver will buy much less than the gold or than the greenback payable in gold. This will greatly increase the existing distress. Such an act of bad faith will not restore confidence to business, and enterprise will never put forth its energies upon the assurance of a system of finance which begins with partial repudiation. Confidence is the essential element of enterprise. It is not sufficient that the laborers and debtors, or even capitalists hungering for investments, clamor for confidence, for a revival of trade and business undertakings. I wish gentlemen would think of this long enough to count two. You can have no revival of industry until the men who hire capital and hire labor, the men of business capacity, prudence, and foresight, see clearly that it is safe to launch again upon the sea of effort in pursuit of fortune.

Business men by no means own the capital of the country; but they control the business of the country. Both labor and capital are suppliants at their feet to-day. They dare not move, because they do not know what the American Congress will do with the currency. They wait to see whether the American people will perpetrate an act of bad faith and shake the foundations of the national credit. They desire to see what will come of this partial repudiation by the demonetization of gold, which is the same as the proposed remonetization of

silver. The one act is the other. They reason that the violation of the national honor will not stop with the first act of perfidy. They see, as do the advocates of absolute money, that the silver movement is the first act in a drama of which the catastrophe is repudiation and ruin. These are the men whose confidence you must win, but which you are about to destroy. You are only blindly blundering from bad to worse. Because we are suffering in the process of resumption you demand your agony over again. You turn to the darkness of the past, to the city of destruction, instead of pressing resolutely for the wicket gate. Let us not deceive ourselves. Let us not excuse ourselves with the plea that it is the will of our constituencies, that it is according to the letter of the contract. Even if it were, as it is not, let us remember that it is the letter which killeth, but that the spirit maketh alive. We are sent here to think for ourselves and to act for those who elect us. We ought to risk the loss of temporary popularity when we believe that the people are misled. Be sure they will be right in the end; bitter experience will leave no man in doubt on this matter, and he who stood by the truth and by the national honor when they were assailed by an evanescent tempest of popular delusion and folly will yet find his reward from a rescued and grateful people.

But, if it were otherwise, the satisfaction of consistent adherence to the precepts of morality in the administration of the financial affairs of the nation, of an ardent and unflinching devotion to whatever shall ennoble and illumine the career of the Republic, should lead us to protect the national faith from impending disgrace by every resource of statesmanship and by all the sanctions of religion and law.

THREATS.

But there is one other form in which the proposition is put by the silver men. They decline to pay in gold, and say they will pay in silver or not at all, and if their creditors will not receive ninety-two cents for one hundred they will destroy their property and break up society. Very well; proceed. Those who, living in the Mississippi Valley, turn it into a maelstrom, will get as much grinding out of it and as little grist of good out of that mill as those who live on the outside of the destroying circle. The East may be robbed until she is hungry, but she earned the money which is developing the West and which held the South in the strong grip of national integrity by generations of industry and habits of honest living. She has been able to exist and to lend. Should she lose her investments abroad through the knavery of her countrymen, she will still be able to dig an honest living from her rocky hills. If she is paid any part of what she has lent, she will take what she can get, and hereafter the western repudiator will borrow what he can get, and by the time his improvised anarchy has become settled and serene he will have a more lively sense of the obligation of contracts.

Why, sir, one little city of seven thousand people, the city of Keene, in my district, has \$1,500,000 invested in the securities of the West. Millions of the hard-earned savings of the laborers of New Hampshire are loaned at rates of interest sanctioned by local laws all through the northern belt of the great valley-garden of our country and of the world. The great mass of this accumulation has come down to us from former generations. It represents the toils and sacrifices of our fathers and mothers for two hundred and fifty years. We have lent it in good faith to the owners of an agricultural El Dorado, compared with which our own rough and barren chance in life has been as the flinty rock to the gardens of the Lord. We have lent it to our brethren and sons upon their own terms, secured, as we thought, by their honor and their property. With its use they have developed until they are America. In ten years they can double our development and accumulations for centuries. While they have

still carried their loan they have more than quadrupled their property by its use, and now they threaten us that they will repudiate the whole unless we will discount 8 per cent. of the principal. For this there is no excuse but the highwayman's. The debtors of the West are not called upon to pay their debt. They are only desired to pay their interest, manifest the instincts of common honesty, and retain their loan as long as they desire. That they can do, and they will some time learn that their true friends were the eastern capitalists, and not the brawling communists of the prairie nor the upspringing representative of the new and solid South, with one hand clutching the key to the Treasury and with the other lighting the fires of discord with the national bonds which preserved to him in his own hour of madness a country and the privileges of freedom.

But I protest that these men do not represent the hearts and purposes of the American people. Our countrymen, North and South and East and West, are honest, and will never knowingly perpetrate a wrong. They may be misled, and I believe they are now misrepresented; and so believing I appeal from the madness and folly and demagogism of the present hour to the calm verdict of the swift-coming future.

But, again, the advocates of the remonetization of ninety-two cents into one hundred claim in one breath that they do it in order to facilitate the resumption of specie payments on the 1st day of January, 1879, on the day fixed by law, and in the next they repeal the resumption act itself, absolutely, without a remnant of resumption legislation remaining upon the statute-books of the country. This is hardly consistent, to say the least; and it shows the guileless sincerity of the men who are at work for the introduction of an irredeemable paper currency, to the exclusion of all other forms of money, by the pretended initiation of measures for the resumption of specie payments according to existing law, which measures abolish the possibility of resumption in express terms. It seems altogether probable that the Government must accumulate not far from \$100,000,000 more coin, gold value, than is now in the country in order to resume on the 1st day of January, 1879.

The nominal amount to be redeemed is the same whether it is done in the gold or silver valuation. The only difference, then, is the difference between the actual value of \$100,000,000 in gold and the same sum in silver—which is now \$8,000,000. The Government, then, can in no event make more than this amount out of all this pother so far as resumption is concerned, while there is no doubt that it has already lost from the direct effect of the agitation of the remonetization of silver at this moment, or as Mr. Lincoln used to say, by swapping horses while crossing the stream, far more than that sum. The interruption of the negotiation of our low interest bonds in Europe will of itself take from the Treasury far more than any possible profit.

Then the disorganization and distrust and loss of time in the adjustment of relations and prices and in the process of the accumulation of coin has inflicted in my belief an injury upon our reviving industries and the prospect of actual resumption which, though not irreparable, is yet very great. It is impossible to foresee the evils before us resulting from this cause.

REPEAL OF THE RESUMPTION ACT.

The silver movement and the repeal of the resumption act are the Siamese twins of the advocates of absolute money. I have done with the former, and with a few words in regard to the proposed repeal I will close.

There is now clearly no excuse for repealing this act, nor can there ever be any justification but actual necessity for the postponement

even of the time of resumption. The executive Department charged with the execution of the existing law declares that we have the means available for resumption according to law. No further legislation is essential, though some is desirable, and the Secretary has a moral certainty of obtaining the funds in ample season. He may, if necessary, sell the 5 per cent. ten-year gold bond, now considerably above, at par value. It has been demonstrated that our 4½ per cent. bond will sell at par in the markets of the world; our whole debt could be funded at that rate. How, then, is it possible that we can fail to obtain one or two hundred millions as we may need, to redeem three or seven hundred millions of circulating notes, now at only 2½ per cent. discount, and soon to be retained anxiously by the people for use as money, rather than presented for redemption in cumbersome gold or silver?

Great Britain fixed the date of resumption after the Napoleonic wars on the 1st of May, 1822; the law was passed in 1819. The certainty that the promise was to be kept carried paper to par in May, 1821, and specie payment was then resumed in gold, which has been the measure of values in that country ever since.

All the indications point to like experience on our part if we proceed in good faith to carry out the law and keep our pledge of honor. The greenback is a promise to pay, no time is specified, but the law always implies that a debt shall be paid in a reasonable time, and when no date is fixed the promise is to pay in a reasonable time. In 1869 a law was passed definitely saying that it should be paid in coin. What coin must have been intended I have already considered; not necessarily gold in the then existing gold dollar, although that was in the public mind, but if gold had depreciated suddenly and excessively then it would have been the duty of Government to so regulate, by increase, the amount of gold in the measure as to keep the public faith in its spirit.

Had silver retained its value in excess of gold we should have been justified in reducing the amount of silver in a dollar under the constitutional power to regulate the value of coin, and, the old gold dollar having become unfit as a measure, it might have become our duty to pay by the silver measure or dollar; but, as the facts have been, gold coin has retained its stability; silver has depreciated 10 per cent. or more on its value of 1873, while a permanent depreciation or appreciation of either metal of even 1 per cent. is sufficient to impair if not destroy its use as a measure and banish it from circulation or render a new adjustment between the metals necessary. Hence there can be no real question as to which coin measure should be used in redeeming the greenback notes.

In 1875 we passed an act saying that the promise to pay in an indefinite but reasonable time should be rendered specific, and we pledged payment on the 1st day of January, 1879. Now the greenback has all the elements of the bonded promise or of a promissory note payable at a specific time, and to fail to pay it is an act of bankruptcy or of repudiation. Nothing but necessity can possibly justify an extension even. Nothing can justify us in the neglect of any effort to keep our word, and if we fail to keep it we must indemnify the holder of the note.

The greenback, then, is now a note payable in gold, at that date, without interest. If it were a mere note it would then be worth, one year prior to resumption, one dollar in gold, less one year's interest—for convenience say ninety-four cents. But it has additional value growing out of its legal-tender quality and its greater convenience than coin in actual use.

These qualities, several months since, when the discount upon the greenback as a deferred debt was greater than now, had carried it to ninety-seven cents in gold; since then it has risen to ninety-seven and

three-eighths, showing that these qualities add 5 or 6 per cent. at least to the value of the greenback. The national-bank note being convertible into the greenback and secured by the individual responsibility of the corporation enforceable in the courts, as well as by the Government guarantee, is of the same value.

The inevitable result, but for the unfortunate agitation of silver resumption and of the refusal of all resumption, would have been to carry the greenback, and with it the national-bank note, to par early in the present year. Why not, since such was the case in England?

Nothing is necessary to this result but the belief that we shall resume according to the legal pledge of the national honor. That confidence would have been strong to-day but for the unfortunate movement of those who have faltered in the time of trial, when firmness alone could give safety. Restore that confidence, and resumption will antedate by six months the period fixed by law. At all events, continue your preparations; show to the world that you mean to carry out your pledge; accumulate all the coin you can; strengthen the hands of the Secretary with authority to fund the greenback, and in any other way which shows that you are striving to do it, and not the contrary, and if at the next December session it is absolutely necessary to defer resumption six months, or even a year, do so with a pledge of interest on the greenback from the 1st of January, 1879, and meantime continue your preparations with energy. Then you will inspire confidence in the rectitude of your intentions, business will revive, the laborer will find employment everywhere and payment in the best currency on earth. The distress in the country can be relieved in no other way, for enterprise will not move until it is satisfied that the nation is honest and has faith that once more it treads the metallic pavement to success.

You can restore confidence in no other way. It is useless to restore the confidence of all the lunatics in creation, or in fact on the part of everybody else, if you fail to restore it among business men. Yet you do acts which impair the spirit of contracts; and the spirit of a national contract is its obligation. You delay needlessly the day of performance. In fact, you refuse to perform at all. You do this twelve months before the necessary moment and when all indications are propitious. You set up a standard or measure of value unknown in this country for a quarter of a century—in reality since the foundation of the Government—a measure demonetized in fact now by nearly all civilized nations, and sure to be more fluctuating for years than the greenbacks. You unsettle everything and put the business of the country and the labor of the country, the unbounded energies, hopes, and possibilities of the country, into a state of suspended animation akin to death, no one knows for how many years; and yet you expect confidence—that “plant of slow growth,” the only medicine for our decaying powers—to spring up in a soil which, impelled by the fitful heavings of angry earthquake forces beneath, continually breaks and crumbles around its tender rootlets, while its healing leaves are scorched and chilled by the inconstant winds of national fluctuation and dishonor.

There is but one way open to us. We must eliminate these gaseous philosophies of finance from our monetary system and build our industrial superstructure only upon that metallic base which, when adhered to, has never failed. Then even if the rains descend and the floods come and beat upon that house it will stand, for it will be founded upon a rock.

[At the close of the hour, by unanimous consent, on motion of Mr. REAGAN, the time of Mr. BLAIR was extended half an hour, and was further extended ten minutes.]

Mr. HAZELTON. I desire to ask the gentleman one question. As I understand him, this is regarded as repudiation in the State of

New Hampshire; would it be regarded as repudiation in New Hampshire if the Government would pay its debts just as it agreed to pay them?

Mr. BLAIR. It would not.

January 26, 1878.

FINANCE.

Mr. BLAIR. Mr. Speaker, I ask unanimous consent that the following letter from Governor Straw, of New Hampshire, written in reply to inquiries addressed to him by me as to the effect of the re-monetization of silver upon the interests of laborers, and designed to have been incorporated in my speech of January 17, but which was not received in season for that purpose, may be printed in the RECORD.

There was no objection.

The letter is as follows:

MANCHESTER, NEW HAMPSHIRE, January 21, 1878.

MY DEAR SIR: I returned from a business trip to Boston last night and found yours of the 15th instant awaiting me. I had intended to have answered earlier the letter you left at my office on your last visit, but a constant press of business must be my excuse.

I shall try and make this letter as brief as possible, using only such details as will make the statements clear to you.

Manchester, in 1875, according to our local census, generally conceded to be correct, contained a population of thirty thousand people, who depend very largely, if not entirely, for their livelihood and prosperity, upon the avails of their labor and for articles sold to individuals and corporations owning the factories and shops that use the water-power of the river improved and used at this point. The custom is universal here to make these payments, due for labor and supplies, at the close of every month.

These monthly payments are for labor to operatives and employes in and about the mills and shops, \$300,000; for smaller supplies required for use in manufacturing, \$200,000; making a total of monthly payments of \$500,000, or a total yearly payment of fully \$6,000,000.

These monthly payments for wages and supplies will average to the operatives about \$30 to each person, and for supplies consumed from \$30 to \$60 to each person who is paid. The operatives regularly employed in and about the mills and shops will number 10,000 individuals, and those persons who furnish supplies will number 5,000 individuals, making 15,000 persons who are the recipients of these monthly payments, and great pains are taken to place the amount paid as near to the hands of the person whose labor is utilized as is practicable.

The raw material consumed by our manufacturers of textile fabrics here amounts annually, of cotton, to 56,000,000 pounds; of wool, to 2,000,000 pounds. This raw material is purchased and furnished to the factories by the several treasurers of the corporations, who are generally resident in Boston, and it is bought and paid for by them near where it is grown or where the producer finds its general market.

At the present time the monthly payments made by the Amoskeag Manufacturing Company, the largest corporation located here, are a little above \$200,000. They are made to 5,000 different persons and paid from my office or in the various rooms about the manufactories where the employes are at their work. These payments are made in small envelopes, containing the exact sum of money due the recipient, any fractional part of \$1 being in silver. In making one monthly payment we require the use of nearly \$2,500 for making this change for fractional parts of the dollar. This habit of using silver for change has prevailed here for months since we have been able to obtain it from the mint, and now our traders are constantly wishing to dispose of it for paper currency, that being the more available for making their payments.

In fact, silver, so far as its use as currency is concerned in this neighborhood, has already become a drug, and if its use for making payments continues or increases, it will very shortly be disposed of at a discount in exchange for good paper money without regard to its legal value as silver coinage. Our manufacturers as a whole must be considered as governed by the ordinary motives that govern humanity the world over; their prosperity and perhaps existence, depends upon the profits that will accrue to them from their business, and should silver money become a legal tender and be put into circulation in sufficient quantities to be secured at a discount in the market, it will be always found and used by those who have a large number of small debts to pay often and at regular intervals. Herein consists the danger to the laboring class in the passage of the proposed "silver

bill," the money which they are to receive is to be paid often and in comparatively small sums. Silver, from the nature of the coinage, is a convenient and ready money in which to make the payments due to them, while to use it for the larger payments required in the general business of the country it is an inconvenient and cumbersome coinage, so that almost of necessity in that part of our country where labor is largely employed and paid, and where the silver coinage is most likely to be used, there is nothing that can maintain the silver coins at a higher value, when wanted in large sums, than that of an equal weight of silver bullion in the market. The proposed coinage of the "dollar of our fathers" would give us coins worth about 10 per cent. less than our present legal-tender notes, and I see no other result likely to occur from the passage of the "silver bill" than that the working population must expect to be paid in that coinage and thereby suffer a loss of about 10 per cent. of their regular earnings. A poor prospect, certainly, for the citizens of New Hampshire and most of the other States of the Union, where they desire their population to be regularly employed.

Yours, very truly,

E. A. STRAW.

P. S.—I had written thus when I received yours of the 18th instant. I hope this letter will answer your purpose and aid you in opening the eyes of those of our people that seem to have been closed by placing the silver dollar over them, as used to be the custom in the olden time over the eyes of the dead.

E. A. S.

Hon. H. W. BLAIR.



